TWO PETRO-STATES DIVERGE: EXPLAINING THE INSTITUTIONAL EVOLUTION OF NIGERIA AND ANGOLA

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Declaration

I, Ross Graeme Harvey, hereby declare that the work on which this thesis is based is my original work (except where acknowledgements indicate otherwise) and that neither the whole work nor any part of it has been, is being, or is to be submitted for another degree in this or any other university. I authorise the University to reproduce for the purpose of research either the whole or any portion of the contents in any manner whatsoever.

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ABSTRACT

It is well-established that oil wealth in weakly institutionalised states tends to undermine development instead of catalysing it. Cross-country regressions, however, struggle to explain why comparably oil-wealthy countries such as Nigeria and Angola experience different political and economic outcomes over time. This thesis explains these differing outcomes through a theoretical lens derived from the New Institutional Economics and Political Settlements literature. Methodologically, it employs analytic narrative – the application of a game theoretic model to a historical puzzle to produce a thin explanation – and treats economic transactions as the key unit of analysis for understanding why particular outcomes obtain and not others. As a comparable site of analysis, I select the oil-for-infrastructure deals that were negotiated in Angola and Nigeria with Asian National Oil Companies between 2004 and 2007. Contrary to expectation, the deals were struck in Angola but failed in Nigeria. I hypothesise that the differential outcome reflects the varying quality of the institutional arrangements in each country for engaging foreign investors. This differential institutional quality resulted in differing commitment credibility over time, which partly accounts for deal failure in Nigeria. Divergent political economy trajectories and political settlements account for these differences. I use a game theory model that explains heterogeneity within authoritarian regimes to test these hypotheses. Application of the model to Angola and Nigeria respectively shows that Angolan dictator, José Eduardo dos Santos, was able to consolidate power within six years of becoming the head of state by successfully eliminating potential threats to his dictatorial ambitions. Under this closed, stable regime, foreign investors perceived greater levels of commitment credibility and struck deals. Nigeria's uneven institutional evolution towards greater openness was punctuated by multiple successful coups and occasional civilian rule between long periods of military autocracy. The resultant instability undermined the perception of credibility, explaining why the deals failed. The thesis closes with a description of how Nigeria and Angola's political economies have evolved since the oil-price crash of 2014, including how dos Santos unexpectedly lost power, and poses questions for future research.

Dedication

I dedicate this thesis to the late Dee Bradshaw, professor at UCT and friend from Jubilee Community Church. Taken from us too soon, a light has gone out, but we will meet again in glory: 'When we've been there ten thousand years, bright shining as the sun, we've no less days to sing God's praise than when we first begun.'

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Abbreviations

AD	Alliance for Democracy
AFRC	Armed Forces Ruling Council
AG	Action Group
ANOCs	Asian National Oil Companies
ANPP	All Nigeria People's Party
APC	All Progressives Congress
APP	All People's Party
CIF	Chinese International Fund
CNOOC	Chinese National Offshore Oil Company
COMD	Crude Oil Marketing Division
CSIH	China Sonangol International Holding Ltd.
DCA	Domestic Crude Allocation
FAA	Forças Armadas de Angola (Armed Forces of Angola)
FAPLA	Forças Armadas Populares de Libertação de Angola
FMG	Federal Military Government
FNLA	Frente Nacional de Libertação de Angola
GDP	Gross Domestic Product
IMF	International Monetary Fund
ING	Interim National Government
IOCs	International Oil Companies
KNOC	Korean National Oil Company
LAO	Limited Access Order
LCVs	Local Content Vehicles
MPLA	Movimento Popular de Libertação de Angola
NBC	National Broadcasting Corporation
NCNC	National Council of Nigerian Citizens
NE	Nash Equilibrium
NEPU	Northern Elements Progressive Union
NIE	New Institutional Economics
NNA	Nigerian National Alliance
NNDP	Nigerian National Democratic Party
NNOC	Nigerian National Oil Company

NNPC	Nigeria National Petroleum Company
NPC	Northern People's Congress
NRC	National Republican Convention
NRGI	Natural Resource Governance Institute
OAO	Open Access Order
PCA	Partido Communista de Angola
PDP	People's Democratic Party
PEP	Politically Exposed Person
PIDE	Polícia Internacional e de Defesa do Estado
PLUA	Partido da Luta dos Africanos de Angola
PPMC	Pipelines and Product Marketing Company
RFR	Right of First Refusal
SAP	Structural Adjustment Programme
SDP	Social Democratic Party
SMC	Supreme Military Council
SSI	Sonangol Sinopec International
UNITA	União Nacional para a Independência Total de Angola
UPA	União das Populações doe Angola
UPGA	United Progressive Grand Alliance
ZANU-PF	Zimbabwe African National Union-Patriotic Front

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CHAPTER ONE

1.1 Introduction

Oil wealth in weakly institutionalised states tends to undermine development instead of catalysing it. This observation is now well established in the literature (Ross, 2001, 2006, 2012, 2015; Jensen & Wantchekon, 2004; Smith, 2008; Van der Ploeg, 2011; Wright, Frantz & Geddes, 2013; Andersen & Ross, 2014; Hendrix & Noland, 2014; Wenar, 2015; Brooks & Kurtz, 2016). Where oil rents fund unproductive patronage, inefficiency persists and social development collapses (Acemoglu et al., 2011). Where oil rents are productively invested in human and physical capital, positive welfare effects accrue (Acemoglu, Gallego & Robinson, 2014). Examples of the latter are in short supply (Larsen, 2006) and are typically associated with countries that possessed strong institutions at the time of discovering oil wealth (Hendrix and Noland, 2014; Wenar, 2015).

Though the quality of Africa's recent growth episode has been notable (Martinez and Mlachila, 2013), resource dependence remains widely problematic (Arbache and Page, 2009). The relationship between oil wealth and development outcomes is not, however, determinative (Brunnschweiler and Bulte, 2008). The literature review below examines some of the channels through which the relationship materialises. It shows that cross-country regressions struggle to explain why comparable countries such as Nigeria and Angola experience different political and social outcomes.

1.2 Thesis chapter outline

The thesis proceeds as follows:

The remainder of the introductory chapter offers an overview of the 'oil curse' literature. A relative consensus has emerged that institutional quality is a primary mediating factor shaping the relationship between oil wealth and development outcomes. Second, because of the importance of institutions in the resources debate, it reviews the general literature on institutional quality and economic performance. Third, it provides a theoretical framework through which to understand why different political outcomes occurred in Nigeria and Angola, two similarly oil-wealthy African states.

A useful site of analysis for analysing this question of why the oil curse manifested so differently in Nigeria and Angola is the set of respective oil-for-infrastructure deals that were negotiated between these countries and Asian National Oil Companies (ANOCs) between 2004 and 2007. The deals fell through in Nigeria but were struck successfully in Angola. The chapter closes with a set of hypotheses as to why these different outcomes materialised. The testing of these hypotheses in chapter six reveals important features of the dynamic interaction between oil wealth and political structures.

Chapter two establishes a methodological framework for categorising developing economies and testing the hypotheses outlined in chapter one. I argue that a comparative analytic narrative (Bates et al., 1998) is likely to yield the most accurate and reliable explanation for institutional divergence between similarly oil-wealthy nations in Africa.

Chapter three presents a game-theoretic model that accounts for why some authoritarian rulers endure for decades while others last only a few months. I adapt the model for application to the weakly institutionalised contexts of Angola and Nigeria to explain – over the subsequent three chapters – how José Eduardo dos Santos managed to become a deeply entrenched kleptocrat, but no Nigerian leader proved able to achieve dictatorship. Sani Abacha was the only equivalent Nigerian contender, but his regime lasted only five years against the 38-year rule of dos Santos.

Chapter four provides an historical context for Angola and applies the model from Angola's independence in 1975 to the end of the civil war in 2002. Angola's inherited institutions were deeply extractive (Acemoglu and Robinson, 2012), and the country is best described as "dominant discretionary" along a continuum of institutional complexity (Levy, 2014:16). The chapter accounts for dos Santos' unusually long autocratic tenure.

Chapter five provides an historical context for Nigeria and applies the model from Nigeria's independence in 1960 to the end of Olusegun Obasanjo's first term of civilian rule in 2003 (he had been a military ruler from 1976 to 1979). Nigeria's institutions became more politically inclusive over time, though the progression was not linear, and the elite bargain remains on the personalised side of the spectrum. The chapter accounts for leadership instability and institutional volatility in Nigeria.

Chapter six contains the primary contribution of the thesis and focuses on oil-for-infrastructure deals that were on the table between ANOCs, and the Angolan and Nigerian states respectively from 2004 to 2007. It tests the hypotheses articulated later in this chapter and continues the analytic narrative through the lens of the model introduced in chapter three.

Chapter seven concludes the thesis with a discussion about the merits of applying an off-the-shelf game theoretic model to the realm of comparative case studies to advance the analytic narrative project. It summarises the main findings of the thesis and provides a brief description of the post-2007 political economy trajectories in Angola and Nigeria that unfolded until late 2014, when the oil price crashed, and how the respective political settlements changed thereafter. In addition, the chapter proposes questions for future research and some guiding hypotheses through which other researchers might address those questions.

1.3 The Paradox of Plenty and the Perils of Unearned Income

There is now a vast literature that attempts to assess whether natural resource endowments portend a development curse. One instructive review assesses eight channels through which the hypothesised inverse relationship between resource wealth and development operates (Van der Ploeg, 2011). While it focuses primarily on negative savings and the effects of commodity price volatility, it recognises the move towards a consensus that the quality of institutions is a primary determinant of the likely development impact of natural resource wealth (Mehlum et al., 2006a, 2006b; Robinson et al., 2006). Good research also emphasises the differential impacts of various types of resources (Boschini et al., 2013, 2007; Snyder, 2006) on development outcomes, which is linked to the appropriability of the resource. Andersen and Aslaksen (2013) show, for instance, that oil and non-lootable diamonds are positively associated with longer autocratic tenure, whereas other minerals are associated with shorter regime duration.

In a critical survey of the resource curse literature, Vahabi (2018) notes that institutional quality, which conditions the impact of natural resources on economic performance, depends decisively on appropriability. He extends the conceptualisation of appropriability beyond lootability and mobility to include an understanding of how a state might appropriate resources.

Vahabi draws the reader back to insights provided by Auty (2001a, 2001b) to note that point-source resources such as oil fields may encourage oligarchic predatory governments. The overarching argument is that resources are not ‘good’ or ‘bad’ in themselves, but outcomes are determined by ‘the vigour of political competition and the nature of political elites’ (Vahabi, 2018, p. 418). Physical characteristics of a resource and their geographic locations, similarly, are not unique determinants of whether a resource is mobile, and mobility is not to be confused with appropriability.

Oil does seem to have a peculiarly negative effect on institutional formation, though, which shapes governance outcomes and in turn undermines development. The review below therefore deals exclusively with literature that addresses the effects of oil rents on development. Rents are defined as “returns that exceed the opportunity cost of resources that might otherwise be deployed in a competitive market” (Levy, 2014:23), the acquisition of which incentivises economic agents.

Terry Lynn Karl, author of *The Paradox of Plenty* (1997), reflected that 25 years after the oil price boom of the 1970s most oil exporting countries were in crisis, especially capital-deficient ones. These countries were “[p]lagued by bottlenecks and breakdowns in production, capital flight, drastic declines in efficiency, double-digit inflation, overvalued currencies and budget deficits” (Karl 1999:32), which undermined export competitiveness in the manufacturing sectors. The high hopes of development that had infused the formation of OPEC in the 1970s were dashed and political stability suffered as a result.

By 2013, Diamond and Mosbacher (2013:6) noted that not a single African country had been able to keep oil money from being captured by a small elite: “Every one of the 12 current oil exporters currently falls into the bottom half of the UN's Human Development Index (HDI). According to the World Bank, more than a tenth of all children born in oil-rich African countries die before the age of 5, double the global average".

This raises a fundamental question: why the adverse outcomes from wealth that held developmental promise?

The most compelling explanations are those that focus on how oil wealth affects political dynamics. In the early years of applying formal econometric techniques to understanding the 'resource curse', Ross (2001) examined the impact of oil wealth on democracy using cross-country regressions to test three causal mechanisms that had previously been hypothesised in the literature to date (Auty, 1994; Karl, 1999, 1997). It was the first formalised oil-specific assessment in the literature following Sachs and Warner's (1995) general empirical assessment of the relationship between natural resource abundance and economic growth. These three causal mechanisms, namely the *Rentier Effect*, the *Repression Effect* and the *Lack of Modernisation Effect*, are discussed below.

1.3.1 Rentier effect

The 'rentier effect' is expected to hinder the development of inclusive politics through three channels. First, through decreased accountability due to a lower demand for government taxation (the *taxation effect*). Taxation is an important means of citizen representation, forging citizen–state accountability that would otherwise be absent (Herb, 2005). When governments derive sufficient revenue from oil deals, they tax citizens less, severing the accountability link. This is the hypothesis from which Diamond and Mosbacher (2013) promote the policy of cash transfers to citizens that governments can then tax, so re-creating that accountability link.[1] Why the authors believe that political elites would agree to such a scheme in the first instance is not explained. Bates (2008) offers a more plausible view and argues that taxation is less about representation than it is about providing sufficient revenue for governments to overcome the incentive to engage in predation.

A second aspect of the rentier effect suggests that oil revenue is spent on extending patronage, which inhibits latent pressure for democratisation or increases incumbents' re-election probability in weak democracies (the *spending effect*). Recipients of state largesse or public sector jobs have a reduced appetite for incurring the transaction costs of fighting for political reform in the direction of democracy. Robinson, Torvik and Verdier (2006:466) conclude that:

> First, resources tend to be over-extracted by politicians because they discount the future by the probability they remain in power. Second, permanent resource booms, because they increase the value of being in power, lead politicians to allocate more resources to staying in power. As a result, they tend to discount the future less and this leads to more efficient resource extraction. The fact that booms increase the probability of staying in power tends to counteract the inefficiency stemming from the fact that politicians discount the future too much. Third, we showed that despite this optimistic result, resource booms tend to create inefficiency in the rest of the economy because they encourage politicians to engage in inefficient redistribution to influence elections. However, the extent to which this phenomenon actually leads to a resource curse (which we defined as a situation where a resource boom leads to lower Gross Domestic Product [GDP]) depends on the quality of institutions. In countries with institutions which limit the ability of politicians to use clientelism to bias elections, resource booms tend to raise national

[1] For a critique of this policy recommendation, see Harvey (2014b)

> income. When such institutions are absent, perverse political incentives may dominate and income can fall—there is a resource curse.

A final element of the rentier effect concerns group formation (the *group-formation effect*). Resembling the previous argument in some ways, it proposes that governments distribute rents to prevent the formation of social groups that are economically and politically independent from the state. Independent groups tend to demand political autonomy, an inconvenience that elites prefer to avoid. In the same way, elites have a distinct interest in retaining power through preventing the formation of social capital through civic groups not affiliated to the state.

1.3.2 Repression effect

"Citizens in resource-rich states may want democracy as much as citizens elsewhere, but resource wealth may allow their governments to spend more on internal security and so block the population's democratic aspirations" (Ross, 2001:335). Incumbent elites often find it less costly to repress demand for political reform than to democratise or, in weakly institutionalised polities, the state may build internal military and security strength to prevent civil association that may threaten autocratic survival. Incipient ethnic conflict may also incentivise governments to increase the size of the military to impede revolt, which reduces the probability of reforming towards democracy (Hodler, 2006).

1.3.3 Lack of modernisation effect

Rooted in modernisation theory, this hypothesis suggests that oil wealth inhibits progressions associated with transitions to democracy. According to Inglehart (1997), modernisation tends to be accompanied by three main factors. First, increased education levels provide a foundation for articulating preferences for political reform. Better-educated populations are better equipped to organise and communicate. Second, occupational specialisation produces a "more autonomous workforce, accustomed to thinking for themselves on the job and having specialised skills that enhance their bargaining power against elites" (Inglehart, 1997:163). Resource-led growth tends to undermine these developments. Incumbents have little incentive to provide high-quality education that might equip the population to demand political reform. In economic terms, resource-led growth tends to undermine occupational specialisation as a strong currency undermines the competitiveness of other export sectors, especially manufacturing. This is a variant of the *Dutch Disease* arguments common in the literature (Davis, 1995; Larsen, 2006; Matsen and Torvik, 2005; Rajan and Subramanian, 2011; Torvik, 2001), namely that appreciating currencies undermine general export competitiveness and the extractive sectors draw resources away from the manufacturing and service sectors. Together, these arguments suggest that oil wealth is likely to inhibit the development of political institutions that could provide a platform for sustained economic development.

1.4 Debates over the existence of a 'resource curse'

Employing a generalised least-squares method with a pooled time-series cross-national dataset, Ross (2001) concludes that both oil and mineral resources (as a proportion of GDP) have strong anti-democratic effects. Counter-intuitively, though, he finds that "barrel for barrel, oil harms democracy more in oil-poor countries than in oil-rich ones" (Ross, 2001:343).

Testing each of the above three hypothesised mechanisms through which this relationship works, he finds strongest evidence for the *Rentier Effect*, a combination of taxation, spending and group-formation effects. The evidence for a taxation effect is strong: "higher personal and corporate taxes are strongly associated with more democratic government" (Ross, 2001:348) and oil-wealthy countries have lower tax rates. Ross (2001:349) also finds evidence for the spending effect, which has a more lasting duration than the taxation effect: "the larger the government, the less movement toward democracy over the following five years". For the group-formation effect, Ross (2001) found only indirect evidence.

On the *Repression Effect*, Ross (2001) finds that oil exports are generally both positively and significantly associated with increased military spending. The exact reason is not apparent from the regressions. However, ethnic tension is not significantly associated with increased military expenditures.

With regard to the *Modernisation Effect*, Ross's (2001) regressions indicate that occupational specialisation is positively and significantly associated with democracy. However, "the evidence that oil and mineral wealth [negatively] influence occupational specialisation, is somewhat weak" (Ross, 2001:354).

However, the "three effects may interact in pernicious ways, creating a 'resource-trap'" (Ross, 2001:357) as the overall result. For example, *Modernisation* and *Spending Effects* may occur simultaneously. Governments can subsidise education and other services without a concomitant growth in the manufacturing and services sector. Reform is thus hindered by limited economic opportunity and governments' propensity to stifle political dissent.

Haber and Menaldo (2011) critique Ross's work on the grounds that extant cross-country regressions assume random effects and are run on panel datasets with relatively short time dimensions. Natural resource reliance is not an exogenous variable, rendering cross-country regressions an inadequate strategy for establishing causation. Omitted variable bias may drive the results through unobserved country-specific and time-invariant heterogeneity. Haber and

Menaldo (2011) developed more historically distant datasets and employed time-series-centric techniques to test whether there is, in fact, a relationship between resource reliance and regime type within countries. They found that, both on a country-by-country basis and across several different panels, increases in resource reliance are not associated with authoritarianism. In fact, they go so far as to suggest that in many specifications, their results suggest a conditional "resource blessing" (Haber & Menaldo, 2011:21).

In response, Andersen and Ross (2014:995) show …

> … that they [Haber and Menaldo (2011)] might be correct for the period before the 1970s, but since about 1980 there has been a pronounced resource curse. […] The powerful anti-democratic effects of oil since the late 1970s are hence obscured by the weaker relationship between oil and democracy in the 1800-1975 period. […] We also show that when oil income is allowed to affect regime types over three, five, or seven years, rather than a single year, these anti-democratic effects become much larger and emerge earlier(Andersen and Ross, 2014, p. 995)(Andersen and Ross, 2014, p. 995)(Andersen and Ross, 2014, p. 995)(Andersen and Ross, 2014, p. 995)(Andersen and Ross, 2014, p. 995).

Haber and Menaldo (2011) argued that because most oil-wealthy countries have become more democratic over time, there is no resource curse. Andersen and Ross (2014) point out that valid inference requires an examination not only of the 'treatment' group but also of a comparable 'control' group. While Haber and Menaldo (2011) suggest that oil-wealthy countries have grown slightly more democratic over time, the point remains that they made far slower progress towards democracy than the non-oil states (the 'control' group). Finally, the argument that the oil curse hypothesis is time-specific does not render the causal inference invalid, as all relationships of interest in political economy are time-specific in one way or another.

Shortly prior to Andersen and Ross's (2014) response to Haber and Menaldo (2011), Wright, Frantz and Geddes (2013:287) wrote that "conventional wisdom about the political resource curse holds that oil-rich autocracies can use their wealth to co-opt their citizens, buy security forces to repress them, or both". Oil-rich autocracies – through these means – therefore stay in power for longer than their resource-poor counterparts (Andersen and Aslaksen, 2013; Jensen and Wantchekon, 2004). Wright, Frantz and Geddes (2013) observed, however, that most research on the political implications of oil wealth only considered transitions from autocracy to democracy instead of the more common place transition of one type of autocracy to another. As recently as 2013, the resource curse literature had yet to seriously consider autocratic regime transitions. In their empirical work, Wright, Frantz and Geddes (2013) found support for the claim that higher oil wealth increases autocratic regime survival but agreed with Haber and Menaldo (2011) that there is little evidence that decreasing oil income renders autocratic regimes more likely to democratise. Rather, they show that rising oil wealth decreases the likelihood that a regime would be toppled by groups that would build new autocracies if they were able to defeat the incumbent. They also found evidence that oil income increases military expenditure, aiding increased repression and therefore autocratic consolidation.

Tsui (2011) finds that discovering large oilfields (100 billion barrels or more) pushes a country's democracy level almost 20 percentage points below trend after three decades. The estimates become less precise when oil abundance is measured by oil discovery per capita, suggesting that politicians may care about the level rather than the per capita value of oil wealth. The effect per barrel is larger for oilfields with higher quality oil and lower exploration and extraction costs. This thesis does not specifically trace the impact of large finds on political outcomes. While it may have been instructive to see the ex-ante effects of large oil-field discoveries on political outcomes, oil revenue flows still reveal something useful. Commercial oil revenues only started increasing significantly after the Nigerian civil war, strongly suggesting that the discovery of large fields (and whether they were onshore or offshore) are not as important as the fact that the propensity for conflict and instability was built in to the fragmented structure of the Nigerian political settlement before either large oil finds or revenues. Similarly, in Angola, dos Santos had already consolidated power over oil (probably by 1979) and the MPLA by 1986, and large oil finds thereafter served to further consolidate his power and keep potential threats within the coalition at bay. Arguably, if there had been large onshore oil finds that were more easily targetable by UNITA, the political outcomes may have been different.

Importantly for this thesis, Wright, Frantz and Geddes (2013) show that oil rents do bolster autocratic regimes, not by quelling democratic opposition (as typically assumed in the literature) but by suppressing challenges from future autocrats (normally regime insiders). Consistent with other findings on autocratic survival (Svolik, 2012, 2009), external threats are not the primary factor that determine autocratic tenure duration. Rather, insiders, such as the military and the intelligence services, are the key players. Wright, Frantz and Geddes (2013) confirm that increasing oil rents over time reduce the risk of military takeover. This finding, however, raises a question of why similarly oil-wealthy nations have divergent political experiences in terms of regime transitions. Some (in similar contexts) experience an uneven evolution towards more open political orders (for example, Nigeria), whereas others experience autocratic entrenchment (Angola, for instance). This thesis aims to at least begin answering that question.

1.5 Institutions

Positively, and contrary to the case in African petro-states, countries that possess strong political and economic institutions at the time of discovering oil wealth (like Norway) tend to avoid resource traps (Larsen, 2006; Torvik, 2009; Wenar, 2015). This argument presupposes that authoritarianism is not associated with strong institutions. Strong institutions limit the ability of politicians to use clientelism to influence election results. When they are absent, perverse political incentives exist for the elites to substitute growth-enhancing policies for institutional manipulation to improve their probability of remaining in power.

Sarr and Swanson (2012) provide an instructive contribution in this respect. Their dictator model provides a link between the political economy literature that explores corruption, and the resource curse literature that examines how macro-economic outcomes are linked to resource endowments and institutions. They argue that corruption is primarily an economic phenomenon, and that it should be understood as central to explaining poor governance outcomes associated with resource wealth:

> Poor institutional quality is one of the main drivers of economic [under] development, and of resource-rich economies in particular. Resource-rich countries are also particularly prone to corruption. In our model, a dictator makes a choice between staying and looting. The incentives for staying result from the opportunity to take advantage of the country's potential productivity while remaining in power. Looting involves the immediate translation of political control into maximum appropriable gain. It is the essence of the sort of corruption that renders resource-rich countries subject to the curse … The problem with such political instability and looting is that it is dynamically attractive. Once a choice to loot is implemented, the incentives to loot are enhanced for every succeeding administration. This is a consequence of the autocrat's ability to commit all of the state's resources – during the length of its tenure – and the fact that this

commitment will outlive the autocrat's tenure. This means that succeeding administrations start from an initial condition that is more indebted, and hence more prone to looting than previous ones (Sarr & Swanson, 2012:16).

The consensus around the importance of institutions follows in the tradition of work begun by Ronald Coase (1937), the late Douglass North (1968, 1994) as well as Mantzavinos, North and Shariq (2004) and Oliver Williamson (1973), now widely referred to as the New Institutional Economics (Ménard and Shirley, 2011; North, 1986) (hereafter NIE).

1.6 Do Institutions Really Matter for Growth?[2]

In 2001, Acemoglu, Johnson and Robinson (hereafter AJR) sought to empirically establish the fundamental causes of large cross-country differences in income per capita (AJR, 2001). Although, on one level, it was self-evident that countries with better institutions perform better economically owing to higher levels of investment in human and physical capital, supporting statistical estimates were lacking. Before AJR's work, it was possible to argue reverse causality – wealthier countries could simply afford better institutions. Chang (2011) argued this as recently as 2011, though it was adequately refuted in the same volume by Keefer (2011). AJR's (2001) methodological challenge was to find a source of exogenous variation in institutions, without which causation could not reliably be established. Using "mortality rates expected by the first European settlers in the colonies as an instrument for current institutions in these countries" (AJR, 2001:1370), they found that colonies where Europeans faced higher mortality rates were substantially poorer today than colonies which were less perilous for Europeans. Mortality rates were employed as an instrumental variable to establish exogenous variation in

[2] A large portion of this section is adapted from Harvey (2014a).

institutional formation. Lower mortality rates led to higher settlement rates, which led to better institutions, exemplified primarily in lower risk of property expropriation.

A strong correlation was found between the quality of early and present-day institutions, suggesting a high degree of persistence: "[m]ortality rates faced by the settlers more than 100 years ago explain over 25 percent of the variation in current institutions" (AJR, 2001:1371). The historical record substantiates the empirical work by AJR (2001): Settlers in places with lower mortality (such as the US, Australia and New Zealand) adopted institutions that protected property rights, enforced the rule of law and encouraged investment. Settlers in places with higher mortality, such as Congo or Ghana, established "extractive" institutions, "with the intention of transferring resources rapidly to the metropole. These institutions were detrimental to investment and economic progress" (AJR, 2001:1395). The authors (AJR) might also have mentioned that regions with higher mortality rates were also often endowed with extensive mineral and hydrocarbon resources. Discount rates tended to be higher for elites in regions with higher mortalities, hence the increased likelihood of extractive institutions. In contrast, colonising elites incentivised to settle in places with lower mortality were more likely to invest in establishing institutions that enhanced long-run economic performance. Rates of extraction of natural resources would be more efficient in those contexts, enabling the use of that wealth to diversify economies.

Explaining the formation and persistence of extractive institutions in Africa is particularly important for understanding the apparent negative correlation between resource wealth and governance performance today. AJR (2001) hypothesised three mechanisms by which extractive institutions persist. First, establishing institutions that limit government power and respect property rights is costly. Acemoglu and Verdier (1998:1382, 1397) show that:

> Since preventing corruption and enforcing property rights is costly, the socially optimal resource allocation often involves less than full enforcement of property rights, and possibly some corruption … Too much corruption would destroy property rights and investment incentives but preventing all corruption may be excessively costly.

AJR (2001:1376) suggest that if the costs of corruption-limiting institutions "have been sunk by the colonial powers, then it may not pay the elites at independence to switch from this set of institutions to extractive institutions" (AJR, 2001:1376). In contrast, establishing or maintaining extractive institutions is less costly for elites. New elites, inheriting these institutions at independence (from 1957 onwards in Africa), may not be willing to incur the cost of establishing better institutions and "may instead prefer to exploit the existing extractive institutions for their own benefits" (AJR, 2001:1376). This appears to materialise especially when natural resource wealth is available. Mineral and hydrocarbon wealth in particular, being finite, when combined with the pre-existence of extractive institutions, may aid elite rent-acquisition from those resources to either build wealth for retirement or to improve the probability of staying in power through elections or repression (or some combination thereof). Second, small elite groups may have a greater incentive than large elite groups to employ an extractive strategy, as the rent returns per capita are higher in a small group. Third, if investments have been made in physical and human capital, elites are more likely to support institutions that ensure economic returns. The converse also holds.

Glaeser et al. (2004) criticised AJR's (2001) use of settler mortality as an instrumental variable, arguing that "at least part of what settler mortality captures is the modern disease environment" (Glaeser et al., 2004:290). They express concern that the instrument may be correlated with human capital, reflecting the knowledge that settlers brought with them to the colonies, rather than constraints on the executive (a political institution) per se: “The effects of colonial settlement work through many channels, and the instruments used in the literature do not tell us which channel matters … The instrumental variable approach does not tell us what causes growth” (Glaeser et al., 2004:298). Furthermore, they do not doubt that institutions are important but argue that the limitation of econometric techniques does not allow AJR (2001) the conceptual or empirical means required to show that political institutions necessarily precede and fuel human capital formation.

Building on work concluded with Djankov et al. (2003), Glaeser et al. (2004:297) argue that “the existing research does not show that political institutions rather than human capital have a causal effect on economic growth. Indeed, much evidence points to the primacy of human capital for both growth and democratisation”. Institutional choices are determined by the levels of human and social capital available to a community at a particular point in time. Lower settler mortality may simply indicate more available levels of these types of capital, leading to better institutional choices. Glaeser et al.’s (2004:298) “results do not support the view that, from the perspective of security of property and economic development, democratization and constraints on government must come first”.

In the same edition of the *Journal of Economic Growth*, however, Rodrik, Subramanian and Trebbi (2004:135) “find that the quality of institutions trumps everything else” in determining whether geography, trade integration or institutions can best account for cross-country variation in national income levels. Institutional quality has a positive effect on trade integration, and geography exerts a significant effect on the quality of institutions, which corresponds with AJR's (2001) findings. By controlling for trade integration, something absent from AJR's (2001) original model, Rodrik, Subramanian and Trebbi’s (2004) findings strengthen AJR's (2001) conclusion, but with some important qualifications. Rodrik, Subramanian and Trebbi's (2004) primary criticism of AJR's (2001) paper is that it does not sufficiently differentiate between "using an instrument to identify an exogenous source of variation in the independent variable of interest and laying out a full theory of cause and effect" (Rodrik, Subramanian and Trebbi, 2004:154). They are nonetheless convinced that the settler mortality instrument is a valid means of identifying exogenous variation in institutions, and not, as Easterly & Levine (2003) would have it, a geographical determinant of institutions. Emphasising this distinction, Rodrik, Subramanian and Trebbi (2004) caution against either a colonial view of development or a geography-based theory of development. By 2012, in their treatise *Why Nations Fail*, Acemoglu and Robinson (2012:377) clearly favoured the colonial view in explaining Africa's relatively slow growth:

> The structures of colonial rule left Africa with a more complex and pernicious institutional legacy in the 1960s than at the start of the colonial period. The development of the political and economic institutions in many African colonies meant that rather than creating a critical juncture for improvements in their institutions, independence created an opening for unscrupulous leaders to take over and intensify the extraction that European colonialists presided over. The political incentives these structures created led to a style of politics that reproduced the historical patterns of insecure and inefficient property rights under states with strong absolutist tendencies but nonetheless lacking any centralized authority over their territories.

1.7 Institutions, human capital and development

Acemoglu, Gallego and Robinson (2014) (hereafter AGR) recently revisited the relationship between institutions, human capital and development. They addressed the 2004 debate and the

Glaeser et al. (2004) critique, in particular, which had accused AJR (2001) of putting the institutional cart before the human capital horse. First, AGR (2014:879) provided a historical survey of human capital endowments taken to the American colonies and showed that "Europeans appear to have brought more human capital per person to their extractive colonies than their settler colonies with inclusive institutions". Higher rates of education in the US today, for instance, appear to be a function of early institutions that incentivised mass schooling, institutions which were never established in Peru or Mexico. This refutes the view that lower mortality rates are inadvertently capturing higher levels of human capital.

The second major finding is that human capital, proxied by average years of schooling (exogenous if regressed by itself) or instrumented by Protestant missionary activity in the early 20th century (missionaries established schools to encourage reading of the Bible), appears to be a significant determinant of long-run development (returns in the range of 25–35% of one more year of schooling to GDP per capita today).[3] However, this calls for a direct comparison with studies that identify the contribution of one more year of individual schooling on individual earnings, typically estimated in the range of 6–10% return. "In theory and reality, these two numbers should be more tightly linked" (AGR, 2014:879-80). The discrepancy could be explained if there were evidence for large human capital externalities, but AGR show that the existing evidence does not support this view. Regarding Glaeser et al.'s (2004) critique specifically,

> There is a prima facie case for a severe omitted variable bias in [their] regressions…Either human capital is proxying for something else or it is capturing some of the effects of institutions … Once we control for the historical determinants of institutions and human capital, or

[3] For another important contribution in this respect, see Woodberry (2012), as his work is mentioned extensively by AGR (2014) for shaping their response to Glaeser et al. (2004).

> simultaneously treat both variables as endogenous, the estimates of the effect of human capital on long-run development decline significantly … In contrast, the impact of institutions on long-run development remains qualitatively and quantitatively robust to whether human capital is included in the regression (and treated endogenously) or historical determinants of education are directly controlled for (AGR, 2014:880).

AGR (2014) therefore confirm the original AJR (2001) findings that institutions are the fundamental cause of long-run development, working through human capital in addition to total factor productivity. Future research, they suggest, should carefully examine the interaction between institutions and human capital formation.

Bates et al. (2013) also directly confront Glaeser et al.'s (2004) position, which does not support the view that democratization and constraints on government must precede other priorities if security of property and economic development are to be achieved. Bates et al. (2013) do not argue that it must come first, but show empirically that, in Africa, political reform in the direction of democracy precedes (and causes) increases in GDP per capita. Changes in Africa's political institutions in the late 20th century provided a natural experiment by which to test institutional arguments as posited by the likes of AJR (2001) and Douglass North (1968, 1986,1994): "At the macro level, political reform is (Granger) causally related to economic growth, and at the micro level, positively and significantly related to TFP [total factor productivity] growth in agriculture" (Bates et al., 2013:506). This shows how reforms in the direction of democracy changed political incentives. Farmers became the electoral majority, thus pressurising politicians to choose policies that favoured agricultural producers over consumers. Previously, urban (elite) consumers had been favoured at the expense of rural producers. Incentive changes provoked policy changes, supporting the general view of the NIE that the structure of political institutions influences the performance of economies.

With regard to the impact of natural resource endowments, specifically on economic performance, two influential papers (Mehlum et al., 2006a, 2006b) also contest the idea that geography has some innate effect on countries' economic growth trajectories. Rather, institutions play the determining role: if institutions promote rent capture by a narrow elite, natural resource wealth tends to drive aggregate income down; if they are 'producer-friendly', they are likely to raise aggregate income. These effects are also amplified by the quality of the institutions at the time of discovering resource wealth. The arguments that initial institutional quality is decisive in explaining development outcomes are substantively different from Sachs and Warner's (1995) early contribution to the debate, which found that a substantial natural resource endowment could be suboptimal for growth prospects after controlling for trade policies and initial income levels (1995). This work argued explicitly that the effect of institutional quality was insignificant. Luong and Weinthal (2006), along with Quinn and Conway (2008), however, contend that who owns the resources (private or public sector) is a crucial determinant of their likely development outcome. Ownership is fundamentally an institutional question, as it animates the governance of property rights. Quinn and Conway (2008) find that majority state ownership of the mining industry in Africa, for instance, results in inward-oriented economic policies leading to lower economic growth and fewer political and civil rights.

Robinson, Torvik and Verdier (2006) complement their 'rational actor' explanations with institutionalist ones insofar as the "overall impact of resource booms on the economy depends critically on institutions – [that promote accountability and thus mitigate perverse political incentives that may otherwise persist] – since these determine the extent to which political incentives map into policy outcomes" (Robinson, Torvik and Verdier, 2006:450). Leong and

Mohaddes (2011) similarly, in studying the effect of resource rents on economic growth under varying institutional quality, find evidence for a curse but attribute the cause to volatility, not abundance. Tellingly, "higher institutional quality can help offset some of the negative volatility effects of resource rents. Therefore, resource abundance can be a blessing provided that growth and welfare enhancing policies and institutions are adopted" (Leong & Mohaddes, 2011:9). They advocate the use of sovereign wealth and stabilisation funds to smooth the foreseeable volatility that arises from commodity-price volatility. These funds can also be used to "increase the complementarities of physical and human capital, such as improving the judicial system, property rights, and human capital. This would increase the returns on investment with positive effects on capital accumulation and growth" (Leong & Mohaddes, 2011:9).

1.8 Institutions not a silver bullet

Cross-country regressions, as indicated above, have produced important findings, but are unable to provide the specific insight required for successful development policy application. They tend to produce recommendations that are too broad and therefore insufficiently incentive-compatible with the distribution of power in varying local contexts. More work is required to detail the anatomies of how oil rents affect development outcomes in context-specific cases. Comparative casework may generate knowledge that is more accurate and reliable to inform policymaking at country level. As Levy (2014:xiv) explains, this "takes the form of a 'good fit' approach to development strategy – a middle ground between 'one-size-fits-all' best practices and the view that every country is unique so needs an entirely unique set of policies". A comparative case study between Angola and Nigeria, for instance, may allow policymakers to understand how relative political stability evolved in the former but not in the latter. Correctly understanding the distribution of power and what type of regime has evolved is likely to lead to improved policy choices.

Resource rents tend to become available through two channels: from the direct sale of commodities or through corporate revenues handed to the state, or some combination thereof. This highlights the importance of understanding the nature of corporations in the extractive industries, as their extractive and selling operations necessarily contribute to the development impact of resource wealth through affecting political equilibria. Much of the literature either avoids or overlooks this fact.

Confirming that institutional quality is the most important channel through which resource rents impact development does not mean that policymakers now have a silver bullet. Most economists who recognise the primacy of institutions (Rodrik et al., 2004) as an explanatory variable are quick to note that little is yet known about how best to strategically influence institutional formation (Acemoglu and Robinson, 2012). They are also often the first to recognise that merely writing good rules on paper is likely to be ineffectual, especially if those rules are incongruent with the informal norms that underpin a particular elite bargain (Acemoglu and Robinson, 2013). In reflecting on a new generation of mining codes across African countries, for instance, Besada and Martin (2015) observe an effort to formulate *de jure* policy that coheres with the Africa Mining Vision. They find that many contracts are *de facto* secretly negotiated on terms that do not fit the relevant code:

> Corruption and patronage in the contracting and licensing of mining concessions impede efficient tax administration and undermine the popular legitimacy of foreign-owned mining operations. Yet even policy mechanisms like the [Extractive Industries Transparency Initiative] EITI, which explicitly target transparency, are unlikely to reduce rent-seeking behaviour

> without more fundamental institutional changes in African countries, including respect for the rule-of-law, independent judiciary and legal systems, and an informed and engaged citizenry (Besada & Martin, 2015:277).

Both institutional change and institutional persistence are equilibrium outcomes of the interaction between beliefs, culture, norms and historical path-dependence. Corruption and patronage will therefore not disappear because a new mining code has been developed. This is not an argument against robust laws, but a policy lesson that more research is required to understand country-specific institutional arrangements and the incentives they generate. Better research may increase the likelihood of formulating, for instance, mining and hydrocarbon legislation (among the most critical institutions for African states) that is incentive-compatible with the distribution of political power and therefore credibly builds inclusive development. The external imposition of best-practise governance initiatives is likely to fail.

Too many governance initiatives assume that the rule of law exists and seek to harness it. Luong and Weinthal (2006:246) put it this way:

> Political scientists and economists not only share the assumption that the revenue generated from mineral resource exports accumulates directly to the state, they also appear to have reached a consensus that weak institutions are the crucial link between resource wealth and the countless negative economic and political outcomes attributed to it. Thus, they focus on solutions that aim to make the state a better 'manager' of these proceeds. Yet, ironically, these solutions require the existence of strong fiscal and regulatory institutions or effective external monitoring rather than aiming to promote the development of strong institutions in mineral-rich states.

Understanding why the rule of law is weak is indispensable for crafting policy solutions that gain traction. Hadfield and Weingast (2014:22) make an important contribution in this respect: "Despite its centrality to many literatures, the concept of the rule of law is woefully under-theorised". They emphasise the rule of law as an equilibrium concept, arising from the interaction of institutions, beliefs and behaviours. Groups can resist and sabotage efforts to establish legal constraints on behaviour. However, the idea that political support for the rule of law will automatically evolve does not necessarily hold:

> Taken as a whole, the institutional literatures continue to work with a highly abstract notion of law. At the extreme, they simply assume that a government that establishes a set of institutions characteristic of existing stable legal regimes – legal codes, well-trained judiciaries, enforcement agencies – will thereby institute the rule of law. But these accounts fail to explain why these institutions in many developing countries are hopelessly corrupt and ineffectual (Hadfield & Weingast, 2014:30).

The authors produce a model for understanding a country's evolution towards the equilibrium rule of law, conceptualising its attainment as a collective action problem. They conclude that attempts to attain the rule of law often fail because they have not sufficiently considered pre-existing normative social and legal orders. Attaining the rule of law is thus less about introducing laws than harnessing and modifying the existing set of norms to ensure that defection is credibly punished, thus attaining a new equilibrium.

1.9 Theoretical Framework

North, Wallis and Weingast (2009) (hereafter NWW) provide an appropriate theoretical lens through which to examine how oil rents affect political equilibria, which ultimately affects development outcomes. An application of this lens to a number of cases followed (North et al., 2012). A modification and enhancement was subsequently developed by Levy (2014), which integrated insights from the political settlements literature with NIE. The political settlements literature departs from NIE in elevating the role of political power and elite contestation beyond the conception offered by NIE (Gray, 2016; Kelsall, 2018). Further modifications to Levy's framework by Kelsall (2016) will serve as the theoretical springboard for this thesis. The typology and primary argument of Levy (2014) and Kelsall (2016) will be explained in chapter two.

The NWW (2009) framework is designed to understand the dynamic interaction of political, economic and social forces in developing countries. It contends that violence – throughout history – is the central problem to be restrained if development is to occur (NWW, 2009).[4] Violence is limited through manipulating economic interests. This is done via the political system to create rents that induce powerful groups and individuals to value cooperation over violence for the sake of maintaining present and future rent streams. Organising society in this way is called a Limited Access Order (LAO). A hallmark of an LAO is that political and economic elites strike personalised bargains in which they agree to limit access to available rents and rent-seeking opportunities by limiting the possibilities for outsiders to start rival organisations. These elites form a dominant coalition to protect their rent stream through providing credible third-party enforcement of rent-sharing arrangements for each of the member organisations. The dominant coalition in LAOs is held together by this elite bargain, where elites agree to a particular set of political and economic institutions to generate and distribute rents at the lowest possible cost and maximum benefit to themselves. Elites' ability

[4] This contention mostly appears to have been accepted by other scholars, even those who most strongly critique the theoretical framework itself (Gray, 2016).

to cooperate under the auspices of the state enhances their shared returns from society's productive resources (NWW, 2009). Embedded incentives in this arrangement create a "double balance",

> … a correspondence between the distribution and organisation of violence potential and political power on the one hand, and the distribution and organisation of economic power on the other hand… peace depends on the balance of interest created by the rent-creation process (NWW, 2009:20).

If society is to remain stable, then the political, economic, cultural, social and military systems must contain compatible incentive structures, such that elites have no incentive to defect from cooperation.

In a 2012 application of the NWW (2009) framework, the editors (North et al., 2012) propose a spectrum of LAOs ranging from fragile to basic to mature. The process of maturation is characterised by an interactive, parallel development of increasing government sophistication, on the one hand, and private non-state organisations on the other (North et al., 2012).

Mature LAOs (where the credibility of intertemporal commitment is stronger) are more adaptively efficient and resilient to shocks than fragile or basic LAOs. Open Access Orders (OAOs), on the other hand, are characterised by open access to political and economic opportunity by any organisation. Only a small number of countries fit this category, and only in these countries does the state have a monopoly on violence of the typical Weberian type. For an economy to transition from an LAO to an OAO, it has to develop institutional arrangements that enable impersonal exchange among elites. Transition is catalysed when individual members of the dominant coalition have an incentive to expand this impersonal exchange to non-elites, causing the system to incrementally switch from the logic of limited access rent-creation to open access entry.

Levy (2014, 2012; 2018), along with Acemoglu and Robinson (2013), argue that too many contemporary development policy prescriptions assume an OAO. It is therefore not surprising that the programmes do not succeed, as they are incentive-incompatible with the distribution of power and the resultant elite bargain that characterises LAOs. After offering a number of hypotheses worth pursuing in future work, Levy (2012:141) argues that

> [o]ne final layer of complexity, not adequately captured within the LAO framework … comprises the ways in which globalised engagement – with foreign investors and with donors, as well as via global and regional geopolitics – influences interactions among elites and between elites and non-elites.

This thesis aims to capture some of this complexity and explain the resultant dynamics in two African petro-states.

1.10 ANGOLA AND NIGERIA

Africa's largest two oil producers, Nigeria and Angola, are similarly dependent on oil rents. In both countries, oil accounts for over 80 percent of total public revenue. Between independence and 1998, both were authoritarian petrostates, though Nigeria was punctuated by two brief spells of civilian rule (1960-1966 and 1979-1983). Nigerian president Sani Abacha's death in office in 1998 precipitated a transition to civilian rule in Nigeria in which the formal rules of the political game became inadvertently more important. No such transition has occurred in Angola, though it only emerged from 27 years of civil war in 2002. Nigeria became more politically inclusive but institutional complexity remained on the personalised end of the LAO spectrum until a number of years later.

Despite similar levels of oil dependence, the structure of political order in Angola and Nigeria has diverged since independence. The resource curse literature has converged towards a relative consensus that political and economic institutions are the key channel mediating the relationship between resource wealth and development outcomes (Mehlum, Moene & Torvik, 2006b,a; Van der Ploeg, 2011). Greater political inclusiveness appears to be favourable for sustainable long-run development (Acemoglu & Robinson, 2006, 2012, 2017; Acemoglu et al., 2014; AGR, 2014; Levy, 2014; Nunn & Trefler, 2014; NWW, 2009, 2012). However, at least superficially, Angola has been more politically stable in leadership terms, despite a long-running civil war, and more efficient at managing its oil revenues than Nigeria. This counter-intuitive outcome requires explanation. One of the means by which to ascertain why different outcomes have materialised is to examine comparable oil-for-infrastructure deals that were on the table in both countries shortly after the critical junctures of Abacha (1998) and Savimbi's (2002) respective deaths.

In Nigeria, a 2005 deal between Nigeria and China to the value of $298 million failed. The deal was to be secured by the purchase of 30 000 barrels of crude oil a day. Four other resource-for-infrastructure swaps were negotiated but failed to materialise. Two major projects linked to these deals were cancelled in May and June 2008. "The whole scheme started to fall apart" (Vines et al., 2009:8). A subsequent change in political regime led to a review of oil block licenses issued under the Obasanjo presidency.

> While historically it has been common practice in Nigeria for an incoming government to investigate the contracts entered into by its predecessor, the oil-for-infrastructure deals were of a different order. The absence on the ground of promised infrastructure projects some three years after the oil blocks were awarded was sufficient to provoke an investigation…. Following the cancellation of the Korean gas pipeline project and the Lagos-Kano railway contract with China, it now appears that in total some US$20 billion of investment promised by Asian national oil companies in 2005/06 is at risk (Vines et al., 2009:26).

Obasanjo’s ‘development dividend’ from oil has not materialised. A number of researchers have suggested that the failure of these deals is attributable to Obasanjo’s desire to extract rents in order to fund his political attempts to gain a third term in office (Emmanuel, 2013; Isumonah, 2012; Kiwuwa, 2013; Posner and Young, 2007; Vines et al., 2009). Because development was of secondary importance, the terms of the deals were inadequately structured and likely to unravel in the absence of his political power. This assertion is plausible but has yet to be analytically demonstrated.

Angola, in contrast, has been more successful at managing its relationships with foreign oil companies. It received an oil-backed loan for infrastructure development worth US$2 billion for the first time in 2004. Since then, “Chinese development assistance has evolved to the extent that loans are no longer exclusively oil-backed” (Vines et al., 2009:31). China has been successful at crowding out other players by linking business and diplomacy (Mailey, 2015). Sinopec and Sonangol, major Chinese and Angolan state-owned companies, have built a portfolio of joint ventures with the Angolan political leadership that has served to partially rebuild Angola’s infrastructure (destroyed by that country’s lengthy civil war):

> By 2009, China had facilitated loans to Angola amounting to at least US$13.4 billion. … In return, China’s Sinopec group initially obtained oil equity through the Sonangol Sinopec

> International business vehicle in a valuable deepwater block, operated by BP, against Indian competition, and later obtained equity stakes in three further offshore oil blocks (Vines et al., 2009:2).

Credible commitment to these projects was designed to signal to the electorate that the government was committed to development (ahead of the 2008 parliamentary elections). Vines et al. (2009:3) contend that Angola has generally benefited from its partnership with China despite allegations of some Chinese credit having been diverted for unproductive purposes.

A key variable in accounting for divergent outcomes appears to be the efficacy of the domestic (host-country) national oil companies and how they managed the deals with foreign investors. Sonangol is relatively proficient, whereas the Nigerian National Petroleum Company (NNPC) is "dysfunctional and has been used by successive Nigerian leaders as little more than a 'cash cow'" (Vines et al., 2009:4). By contrast, Sonangol is Angola's only competent state institution. It operated without interruption during the civil war, providing the financing for the *Movimento Popular de Libertação de Angola* (MPLA) (the incumbent party since 1975) to win the war. Since 2002, it has effectively operated as the state: its subsidiaries provide vast quantities of patronage, while other formal state apparatus has been meaningless in terms of actual service delivery (Soares de Oliveira, 2015).

Asian interest in Nigerian and Angolan oil is significant but relatively small. Western oil companies still account for the majority of production. However, China is the main export destination for both countries' oil. Despite their small size, oil-for-infrastructure deals in both countries provide a useful site of analysis to explain differences in the structure of political orders. This thesis aims to account for why the deals were successful in Angola but unsuccessful in Nigeria. In the process, it tests three mutually supportive and interacting hypotheses:

- H_1: The differential outcome from the deals reflects the varying quality of the institutional arrangements in each country for engaging foreign investors.
- H_2: Differential institutional quality between Angola and Nigeria's focal points (H_1) resulted in differing commitment credibility over time, which partly accounts for deal failure in Nigeria.
- H_3: Divergent political economy trajectories and political settlements account for the differences suggested in H_1 and H_2.

Examining the construction, and respective successes and failures, of oil-for-infrastructure deals between 2004 and 2007 will provide insight into the elite bargains that have characterised Angolan and Nigerian politics since independence. This examination also allows a more specific set of hypotheses – built on literature expounded in the next chapter – to be tested with respect to the conditions under which deals are more or less likely to be of development value in challenging governance contexts:

- H_1: The long-run host country revenue-maximisation benefits from direct foreign investment will be higher when deals are struck within a principal-agent settlement ('dominant discretionary') than within a settlement characterised by multiple-principal arrangements ('personalised competitive') (Levy, 2014, 2012).
- H_2: Greater degrees of elite inclusion in the political settlement offer greater potential for equitable, poverty-reducing growth through higher-quality public expenditures provided the means of inclusion are more a function of purposive coordination than the division of spoils, and the bureaucracy is governed more by impersonal rule-following than patron-client relations (Booth et al., 2015; Kelsall, 2016; Levy, 2014).

I will use analytic narratives to identify the principal domestic elite groups in each country, and to investigate the nature of their relationships with each other and with foreign players. Oil is the principal rent source. Oil-for-infrastructure deals provide insight into how oil rents are generated and distributed by the elite. For instance, signature bonuses as a means of securing oil blocks allow for substantial rent generation and distribution that allow elites to maintain the 'double balance' between political and economic institutions (as per NWW, 2009). Analytic narrative is an iterative approach to explaining divergent outcomes. It begins with a theoretically informed hypothesis that can be tested against competing alternative explanations. It uses appropriate game-theoretic models to find the most parsimonious explanation among them.

CHAPTER TWO

METHODOLOGY

2.1 Introduction

During the 2001 to 2008 commodity boom, a number of resource-for-infrastructure deals were either struck or attempted across Africa. Commodity abundance, coupled with high prices, served as collateral for attaining loans to address infrastructure backlogs, commonly identified as a principal obstacle to sustainable economic growth (Foster and Briceño-Garmendia, 2010). Resource-curse hypotheses predicted that governments securing these loans were at risk of (a) building white elephants if the deals succeeded, and (b) becoming heavily indebted as soon as commodity prices fell. In Nigeria and Angola, from 2004 to 2007, a number of oil-for-infrastructure deals were negotiated. In Angola, the deals were struck, and the terms were executed. It is an overstatement to suggest that the deals were a development success, as the infrastructure provided was neither of sufficient quality nor of intended design to be of development value (Harvey, 2016; Soares de Oliveira, 2015). Nonetheless, the deals were struck, and each party followed the terms believing that the other party would reciprocate. There was credible third-party commitment to contract enforcement. In Nigeria, the potential investors withdrew, and deals worth roughly $20 billion were forfeited (Vines et al., 2009).

This chapter provides a methodological template for explaining these divergent outcomes in states that are equally dependent on oil rents for both export and government revenues but have markedly different historical trajectories. The hypothesis is that the differing structure of evolved political settlements (NWW, 2009; North et al., 2012; Levy, 2014) in Nigeria and Angola respectively account for the divergent outcomes. How the deals were approached, and what motivated them, indicates the structure of political and economic institutions in these countries. If institutions matter for development, it is important to account for their formation and evolution in context-specific cases (Binmore, 2010; Greif, 2006), and predict what impact past institutions are likely to have on current and future settlements (Acemoglu and Robinson, 2013).

The introductory chapter concluded that the quality of institutions account for divergent development outcomes across countries more compellingly than competing explanations (AJR, 2001; Rodrik, Subramanian & Trebbi, 2004; AGR, 2014). AJR (2001), in much-cited work, use settler mortality as an explanatory variable to instrument for institution design imported from settlers' former countries. This was done because institutions imported from European countries took root when settlers lived longer in the new colony. However, the extent to which settler mortality can proxy for 'institutions' as an explanatory variable remains disputed (Glaeser et al., 2004). Part of the problem appears to be that econometric models specifying institutional variables have proliferated without adequate identification and measurement strategies, resulting in confusion over what the results actually reveal (Shirley, 2013; Voigt, 2013).

As indicated above, AGR (2014) discuss some of these points at length, and adequately defend their methods and results that support the AJR (2001) findings. Acemoglu and Robinson (2013) do, however, recognise that the policy implications of their regression results are not self-evident. For instance, simply advocating that the rule of law be improved is not likely to gain traction in contexts where political entrepreneurs have no incentive to build respect for, let alone observe, the rule of law (Greif, 2006; Greif and Kingston, 2011). Acemoglu and Robinson (2012) also note that the historical importance of institutions for long-run growth does not tell us about how good institutions are formed, hence their emphasis on accidental critical historical junctures interacting with institutional drift. The employment of game theory through analytic narrative, however, is well suited to exploring path dependence and critical junctures "since so many of its outcomes depend on the sequence of moves" (Levi, 2004:20).

Beyond the disputes about what the econometric results actually reveal, there is also still considerable debate within the NIE literature over how to define institutions (Aoki, 2007; Binmore, 2015, 2010; Hindriks and Guala, 2014; Ménard, 2001; Ménard and Shirley, 2014; Shirley, 2013; Smith, 2015; Voigt, 2013); and whether the core concepts of transaction costs (Coase, 1998, 1960, 1937), property rights (Hodgson, 2015) and contracts (Williamson, 2009) are sufficiently well defined. Hodgson (2014), for instance, goes so far as to argue that, for the above-mentioned reasons, combined with a lack of credible distinction between the original and the new institutionalism, NIE may not survive as a discipline.

I do not aim to resolve this debate here. Since significant progress has been made in moving towards a unified theory of institutions as 'rules-in-equilibrium' (Greif and Mokyr, 2017; Guala, 2016; Hindriks and Guala, 2014), built largely on the work of Avner Greif (2006, 2005, 2002) and his collaborators (Greif and Kingston, 2011; Greif and Laitin, 2004), I use Greif's (2006) definition of institutions. Moreover, "[c]ross-country growth regressions have told us what they can tell us; institutions matter for growth, and some institutions matter more than others" (Shirley, 2013:33). NIE as a discipline now requires more context-specific and comparative case accounts of institutional formation and evolution. Drawing on new insights from the political settlements literature (Behuria et al., 2017; Booth et al., 2015; Gray, 2016; Hickey, 2019; Kelsall, 2018, 2016; Levy, 2014), as this thesis does, is one way in which this project can be taken forward. This critique of cross-country regressions is intended to show that the analytic narrative project now needs to be applied in the field of comparative case studies. It does not detract from the state-of-the-art case study work that already exists in the field (Di John, 2009; Lewis, 2007; Pérez Niño and Le Billon, 2014; Poteete, 2009), but simply provides a motivation for a micro-foundational rather than a macro or structural approach within economics. As will be explained in section 2.7 below, no existing case studies compare Angola and Nigeria using analytic narrative.

2.2 Chapter outline

The chapter proceeds as follows:

First, I articulate Greif's (2006) definition of institutions and explain why it is best suited to answering the proposed research question of why oil-for-infrastructure deals with ANOCs failed in Nigeria but succeeded in Angola between 2004 and 2007, and what this may reveal about the divergent evolution of both countries' institutional trajectories. Greif (2006) insists on transactions as the central unit of analysis in the study of institutions. This seems a sensible approach when examining the importance of specific deals between domestic and foreign elites for revealing institutional dynamics. He also emphasises the importance of complementary case studies to explain why institutions evolved in one case but not in another where the expectation is that they would have evolved similarly.

Second, I make the case for why analytic narrative (Bates et al., 1998; Greif, 2006; Levi and Weingast, 2016) is the most appropriate method for explaining institutional divergence between Angola and Nigeria and subsequently why oil-for-infrastructure deals were successfully struck in Angola but not in Nigeria, contrary to prior expectation. Analytic narrative was birthed out of the debates prevalent within NIE in the late 1990s. It uses game-theoretic modelling to formalise and discipline historical narrative. In this respect, it also adds to the tool-box of political settlement analysis, as it can be applied to any given element of the settlement that is being examined. Game theory assesses strategic interactions and reveals how "an institution can be seen as an equilibrium in an unvarying game of life" (Binmore, 2010). In explaining the evolution of justice, for instance, Binmore (2010:246) argues that "fairness arose as a solution to an equilibrium selection problem", and the problem with neoclassical economics is that it has "largely confined its attention to models with a unique equilibrium", thus essentially ignoring many of the institutional norms without which our society would fall apart (like fairness).

Third, I make the case for why comparative case accounts can advance NIE and analytic narrative, drawing mostly on Bennett and George (2005), Greif (2006) and the insights from political settlements analysis. Both Shirley (2013) and Ménard (2001), for instance, present compelling arguments for comparative case studies as an instrument to move NIE forward. Using Levy's (2014) country typology, I also explain why Nigeria and Angola are appropriate cases for answering questions about elite deal-making and how those dynamics reveal the structure of the underlying institutions in context-specific cases.

2.3 Institutions, transactions and organisations

"An institution is a system of social factors that conjointly generate a regularity of behaviour" (Greif, 2006:30). These social factors contain the elements of rules, beliefs, norms and organisations. An institution need not possess each element per se, but what matters are the elements that "motivate, enable and guide individuals to follow one behaviour among many that are technologically feasible in social situations" (Greif, 2006:30). Greif (2006) defines the term 'guide' as providing the knowledge required to take and coordinate a particular action, whereas motivation is defined as the induction of behaviour "based on external or intrinsic rewards and punishments" (Greif 2006:30 fn2). Institutional elements are exogenous to each individual whose behaviour they influence because "[t]hey provide individuals with the cognitive, coordinative, normative, and informational micro-foundations of behaviour" (Greif, 2006:14). For Greif (2006), institutions are equilibrium phenomena in that they constitute the structure that influences behaviour.

A social situation, by definition, is one that involves a transaction. Greif (2006) purposefully treats transactions as the central unit of analysis in the study of institutions rather than games or institutions themselves. The linchpin of institutions is motivation, as it mediates between the environment and behaviour. Motivation is provided by beliefs and norms external to each individual whose behaviour is influenced. In other words, the "past, present, or expected future actions of others that are of interest here are those which have external effects: one person's action directly and unavoidably influences another's" (Greif, 2006:45). It is precisely because an agent's action – in an institution – must have an external effect, that transactions are central to institutions. Transactions are here defined as the action taken when an entity is transferred from one social unit to another, not only goods or services, as Williamson (1979) had categorised it. An entity can be anything from a commodity to a social attitude, and a social unit can be individuals, organisations or other entities whose actions warrant study as actors. Transactions can be economic, political, or social. Therefore, "[t]ransacting renders a situation social, and the focus here is on transactions that entail external effects by directly affecting the well-being, knowledge, internalised beliefs, or norms of at least one of these social units" (Greif, 2006:46).

When an institution generates direct behaviour in a transaction, that transaction is central, as opposed to auxiliary. For example, the threat of punishment by the court for reneging on a contractual obligation generates the regularity of behaviour of contract adherence. Organisations, then, are "the arenas in which actions in auxiliary transactions take place" (Greif, 2006:48). They fulfil multiple roles such as producing and disseminating rules, information, and knowledge. As such, they influence the set of feasible beliefs that affects the central transaction. They are both a manifestation of, and a means for, inter-transactional linkages "and thereby alter the set of possible behavioural beliefs in the central transaction" (Greif, 2006:49). This is particularly important for the study of oil-for-infrastructure deals, which are central transactions. Commitment from each party to the deal is normally secured through linking the central transaction with other transactions that enable a belief that actors will not renege. Organisations such as credit rating agencies might fulfil this function by extending the set of possible beliefs between players in economic exchange. Thus, in Greif's view, organisations can be both components of institutions and institutions themselves. Which one they are at any given moment depends on the phenomenon under study.

This integrated definition of institutions reveals why institutions have such a profound impact on behaviour. It restricts the scope of analysis because it requires an institutional element to be an equilibrium outcome exogenous to each individual whose behaviour it influences. It also allows institutional dynamics to be studied as historical processes. Most importantly, it responds to the "challenge of studying endogenous motivation by integrating the agency and structural perspectives" (Greif, 2006:15). Sometimes an institution is a structure beyond an individual's control whose behaviour is influenced by it. In other instances, it is an outcome influenced by the actions of an individual (Greif, 2006:41–42).

Greif and Kingston (2011) suggest that the institutions-as-rules approach, generally advanced by Douglass North (1990) and his followers, is appropriate for contexts characterized by well-functioning and transparent enforcement institutions where formal and informal rules are easily observed and constrain human behaviour in relatively predictable ways. In the absence of these conditions, an alternative or supplementary institutions-as-equilibria approach is required to explain both rule adherence and ignorance, as well as enforcement or lack thereof. This is a re-articulation of Greif's (2006:36) argument that "rules correspond to behaviour only if people are motivated to follow them". Incentives shaping the players' motivation and behaviour should be explained rather than assumed. The soundness of this approach is confirmed by Hindriks and Guala's (2015) successful integration of the two approaches ('rules-in-equilibrium'), commended by both Binmore (2015) and Smith (2015), and solidified in a subsequent book by Guala (2016). Binmore (2015) agrees with Hindriks and Guala (2015) that institutions should not be studied primarily as rules, which are necessary but subsidiary to sustaining equilibrium in the game of life. He writes that:

> In a constitutional setting, there is nobody outside the system to enforce the rules. The only viable rules are therefore those that enforce themselves because they call for equilibrium play in an underlying game of life whose rules are enforced by Nature herself. In brief, the answer to the classical question of who guards the guardians is that they must guard each other (Binmore, 2015:2).

Greif (2006) is of the view that any number of analytical frameworks can be employed for studying self-enforcing institutions. Game theory is the most promising for answering why an economic exchange contract was signed in one context but not another.

2.4 Analytic Narratives

2.4.1 Origin of the species

Richter (2005) refers to the application of game theory to institutional economics as the 'equilibrium of game' view of institutions. A central concept is the Nash Equilibrium (NE) – the state of a game in which no actor has an incentive to deviate from their strategy, provided this remains the case for other actors. This approach answers the question of who watches the watchmen, as it explains the logic of self-enforcement. Richter (2005) proposes that formal game theory should be applied in addition to informal game-theoretic interpretations of social phenomena. A static NE, according to Richter (2005), cannot explain how this invisible hand works. He argues instead that dynamic approaches like evolutionary game theory can "formally illustrate how a spontaneous [private] order might evolve and thus provide a mathematical background to the considerations in the tradition of Hume, Menger and Hayek[5]" (Richter, 2005:190).

In answering how to model the game of life, Binmore (2015) argues that the underlying game appropriate to studying political institutions is at least as complex as a repeated game. In exploring whether to take the 'rational' or 'evolutionary' route, the evolutionary route is the one that matters if the role of history is not to be neglected. Using a hawk-dove game, as Hindriks and Guala (2015) do, is not helpful, however, because repeated games lack any pure evolutionary stable strategies (ESS) at all, and simple evolutionary processes can easily converge on Nash equilibria that are not ESS in games with more than two strategies. Binmore therefore argues that if the rational route is to be taken, the structure of coordinating devices must be explicitly modelled.

[5] Richter is not citing any of these authors' particular works but rather referring to them as leading thinkers in the discipline.

Greif (2006) acknowledges that classical game theory is inadequate for studying institutional dynamics, but only if institutions are unsatisfactorily defined as equilibria, shared beliefs motivating equilibrium play, or the rules of the game (in a mutually exclusive way). Therefore, "[i]f institutions are viewed as equilibria or beliefs in games, we cannot study the impact of past institutions on subsequent ones" (Greif, 2006:11). Similarly, if institutions are defined as the rules of the game, too much is taken as given that needs to be explained and "[t]he theory that enables endogenous motivation to be studied is insufficient for analysing institutional dynamics" (Greif, 2006:11).

Furthermore, specifying and solving a game requires strong assumptions about rationality and shared cognitive assumptions among the players. Evolutionary game theory allows analysts to model limited rationality and cognition by identifying (a) institutions with attributes of the interacting agents and (b) how these institutions and agents interact to influence long-run equilibrium distributions of these attributes. However, it dodges the question of motivation and attributes change in behaviour to evolutionary forces without specifying the mechanisms of those forces precisely. This is the cost of mitigating the shortcomings of classical game theory. Experimentation, learning and mutation are taken as exogenous, and the "analysis often resorts to extreme assumptions about human nature…[that] provide unsatisfactory micro-foundations for evolutionary processes in human societies" (Greif, 2006:12). Greif (2006) finds that both evolutionary and classic game theoretic approaches fall short in providing an adequate explanation of motivation. This accounts for why he carefully defined institutions as social systems that generate regular behaviour.

On the basis of the definition provided in the previous section, then, Greif (2006) argues in favour of the use of classical game theory. He notes that it is puzzling that game theory has been found useful for institutional analysis despite resting on unrealistic assumptions about cognition, information and rationality. Although his approach, as well as the analytic narrative more broadly, studies institutions through game-theoretic equilibrium analysis, it should not be treated as an 'institutions as equilibria' approach. "Institutions are not game-theoretic equilibria, games are not the basic unit of institutional analysis, and game theory does not provide us with a theory of institutions" (Greif, 2006:19). Advancing institutional analysis through the application of game theory only works if one explicitly recognises the difference between game-theoretic equilibrium analysis and institutional analysis.

Greif (2006) convincingly demonstrates, through the application of classical game theory to trade between the Maghribi merchants and their agents (who had every *ex post* reason to cheat their merchants had it been a one-shot game), that "restricting the set of admissible institutionalised beliefs is central to the way in which game theory facilitates the study of endogenous institutions" (Greif, 2006:124). Greif (2006:126) essentially fulfils Binmore's (2015) request that the structure of coordinating devices be made explicit:

> In situations in which institutions generate behaviour, institutionalised rules, the corresponding internalised and behavioural beliefs, and the behaviour that these beliefs motivate, constitute an equilibrium. A structure made of institutionalised rules and beliefs enables, guides and motivates the self-enforcing behaviour that reproduces it. Most individuals, most of the time, follow the behaviour that is expected of them.

Game theory is useful as an analytic tool for studying phenomena in which institutionalised rules prevail,

> because such rules correspond to the game-theoretic assumptions regarding common knowledge… Social rules that are self-enforcing are the only ones that can be institutionalised.

> The ability to restrict the set of admissible beliefs is thus central to the way game theory proves useful for institutional analysis (Greif, 2006:151).

Greif's (2006) approach is that institutions are the object of study, transactions are the central unit of analysis, and game theory is the analytic framework that disciplines the historical narrative.

Ménard & Shirley (2014:19) argue that NIE still needs to develop more "data to allow more careful definition and measurement of the effects of institutions in a variety of settings" and to build "more adequate models to capture the links between theory and empirical analyses". The analytic narrative project had this objective in mind at the outset: "We seek not only to bring theory to bear upon data but also to bring data to bear upon theory" (Bates et al., 2000a:698). And Greif's (2006) work is an important demonstration of the iterated interaction between theory and data, the application of a game-theoretic model followed by a rigorous assessment of its applicability, and the subsequent refinement process until theory and data are analysed in an historically-informed, convincing way.

2.4.2. Why is the analytic narrative approach most promising for the question at hand?

The original analytic narrative project focused on institutions to explore "the sources of political order; the origins of conflict, both international and domestic; and the interaction between international and domestic political economy" (Bates et al., 1998), applying game-theoretic models to do so. The question posed at the outset of this project is why oil-for-infrastructure deals were successfully struck in Angola but not in Nigeria. The deals on offer were from similar Asian national oil companies in both cases around the same time. They are an instructive lens through which to understand the sources of political order (or disorder) in those countries, the sources of conflict and the nature of the interaction between international and domestic political economies.

NWW (2009:18) define an overarching elite bargain as an agreement struck between members of the dominant coalition to respect each other's privileges, including property rights and access to resources and activities:

> By limiting access to these privileges to members of the dominant coalition, elites create credible incentives to cooperate rather than fight among themselves. Because elites know that violence will reduce their own rents, they have incentives not to fight. Furthermore, each elite understands that other elites face similar incentives. In this way, the political system of a natural state manipulates the economic system to produce rents that then secure political order.

This conceptualization entails dynamics conducive to game-theoretic analysis. Elite organisations generate and distribute rents to the ruling coalition. Incentives in these organisations produce the 'double balance' described earlier. The stability that results from this balance is an equilibrium state held together by incentive-compatibility across different systems (i.e. economic, social, cultural and military) in a society. Thus, "[t]he creation of rents through limiting access provides the glue that holds the coalition together" (NWW, 2009:30).

The question above is about how a particular rent-creation process may contribute to political (in)stability through institutional formation. Analytic narrative is distinguished from other political economy approaches by its central concern with institutions and their relation to political stability. Its proponents define institutions not as rules that impose constraints, but as providing endogenously emerging order (Bates et al., 1998:5).

The approach utilises concepts from the analysis of extensive-form games. In response to critics who argue that this limits case selection to those characterised by certainty or only modest uncertainty, the authors respond that "extensive-form games have long been used to study settings of high uncertainty and contingency" (Bates et al., 2000b:691). More recently, two of the original proponents (Levi & Weingast, 2016:5) of the method have written that: "the extensive-form game allows the analysis to demonstrate the existence of a self-enforcing institution that often solves an important economic or political problem through creating a credible commitment."

2.5 Criticism and Defence of Analytic Narratives

One major criticism of the application of game theory models to political phenomena is that they can only account for incentives and pay little attention to the role of ideas in shaping elite behaviour. National identity, ethnicity and the effect that oil has on the imaginaries of political actors may all be important factors, for instance, in shaping a political settlement.

This thesis begins with outcomes that demand an explanation, however, and is biased towards identifying the incentives that explain those observed differences. Economics largely treats ideas as secondary to interests, as economists start from a position of scepticism about the role of ideas, bringing them in where they deem necessary and important, a form of conceptual triangulation from an inter-disciplinary perspective. Dani Rodrik's work (2014), on when ideas trump interests, is an important contribution to the discipline in this respect. He notes (2014:189) that "ideas are strangely absent from modern models of political economy" and challenges the notion that there is a well-defined mapping from interests to outcomes.

Akerlof and Kranton (2005) were among the first well-recognised economists to elevate the importance of ideas in economics. Bromley (2009) has also made an important contribution in this respect, asking how exactly we (agents) know what we want, how we can we be sure that we know how to get what it is we think we want, and exploring the different ways by which individuals come to believe what it is they hold to be true. Institutionalists such as Margaret Levi (Levi, 2006, 2004, 2002) also emphasise the role of ideas, but show how they can be accommodated within an analytic narrative approach (Levi and Weingast, 2016). Analytic narrative therefore remains the most appropriate methodological framework for accommodating – to some degree at least – the role of ideas and history in shaping political economy outcomes without losing parsimony.

A number of authors have pointed to the specific effect that ideas have on resource governance, either through resource nationalism (Lange and Kinyondo, 2016; Saunders and Caramento, 2018; Soares de Oliveira, 2016) or through the political imaginaries of elite players in oil-wealthy countries (McCaskie, 2008; Porter and Watts, 2017; Watts, 2004, 2005).

For the application of the model in the thesis, ideas matter most endogenously to the respective ruling coalitions post-independence. For instance, Marcum (1978, 1969) describes the competing ideas within and between elite groupings trying to forge a nationalist Angolan movement from the 1950s onward. Competing ideas also played a pivotal role in the 1977 attempted coup. Beyond that, the interests of ruling coalition members mattered more for shaping outcomes, especially as dos Santos purged intellectuals like Lucio Lara from the inner circle of the MPLA relatively early on in his rule.

In Nigeria, competing ideas – through ethnicity and religion especially – were important, hence the power rotation between Christians and Muslims (southerners and northerners) within the ruling PDP post-1999. Nigeria did experience civil conflict along ethno-regional lines, and this shaped internal ruling coalition dynamics sharply, especially within the military, which I treat as internal to the ruling coalition. The Svolik model, described in the next chapter, presupposes that ideas shape interests and acting on those interests is what the game tries to explain.

Critics of analytic narrative have rightly pointed out that the project promised a method but delivered only an approach, a charge to which the original authors plead guilty. Carpenter (2000) and Parikh (2000), for instance, suggest that codified rules should be constructed to impose parameters for what constitutes an analytic narrative. In response, the original authors (Bates et al., 2000b) suggest the following guidelines (as opposed to genuine rules):

First, "avoid the use of off-the-shelf models unless they demonstrably enhance the explanatory project" (Bates et al., 2000b:693). There is an over-reliance on a small number of models in the political science literature, which are "often very uninformative, re-describing problems instead of explaining them (Bates et al., 2000b:693). Researchers should, rather, inductively produce a model through deep immersion in the case narrative and data. This way, institutional constraints are more adequately captured. Game theoretic reasoning is then deductively employed for explanatory purposes. If, however, a comparative case-study approach is employed, then an off-the-shelf model may be a useful 'first cut' for analysing the dynamics of host country elite bargains in each case. It may also serve to highlight differences, aside from differing initial political equilibriums, that invite further analysis.

Second, the application of theory should be rigorous. It should produce comparative static results that show what would have occurred under different circumstances. The models should contain assumptions that can be challenged. Elster (2000) accused the authors of relying on unrealistic assumptions about the rationality of human behaviour and thus producing 'just-so' stories. This criticism seems to be rooted in a concern for external validity but appears unfair given that the application of a model to the available data is falsifiable and thus amenable to modification in light of apparent analytic shortfalls. In Greif's (2006:127) work, he also provides evidence that "although individuals have social and normative propensities, they are nevertheless rational" in the sense that they are motivated by social and moral considerations which do not preclude them from acting strategically under socially articulated and disseminated rules.

To produce these comparative statics, close attention must be paid to off-the-equilibrium-path behaviour: "what happens along the paths not taken often determines what paths are taken" (Bates et al. 2000b:694).

Third, while theory is crucial, the narrative is critical both for inductively arriving at an appropriate model and for evaluating it. One of Carpenter's (2000) criticisms of the project was that unanticipated events were largely absent from the narrative – the conclusions were almost foregone, and the narratives therefore lacked suspense. Bates et al. (2000b) respond that this is an aesthetic rather than a substantive point, and that the suspense in analytic narrative is contained in whether causal structures can be uncovered through the application of a formal (parsimonious) model. Readers are likely to know the result of the historical cases being studied regardless.

The important consideration is whether enough evidence is contained in the narrative to reliably identify the most important actors and institutions for the problem at hand. Building a narrative, though, is not primarily about case selection:

> In effect, our cases selected us, rather than the other way around. So compelling do we find our cases that we wish to immerse ourselves in them. But we also want to construct logically persuasive and empirically valid accounts that explain how and why events occurred (Bates et al., 1998:13).

In this, the authors follow Alexander George[6] in tracing the historical processes informing the events in question. The qualitative and quantitative evidence in a narrative helps to identify – for the formal modelling – the main actors, the decision points they faced, the choices they made, and the outcomes these choices generated. Following this 'historical turn' in the social sciences, analytic narratives should then move from thick description to thin reasoning. The original project used rational choice theory to do this, as the structure of extensive form games readily accommodates the influence of history, the ability of actors to strategize, and the importance of uncertainty.

Fourthly, researchers employing analytic narrative should iterate between data and theory. Where the proponents of analytic narratives differ from traditional rational choice proponents is in their view that scholarship should be inductive and iterative rather than merely involving deduction and hypothesis testing. Bates (1998), in particular, moves from a chain-store paradox game (oligopoly model) to a broader political economy model in explaining the rise and fall of the International Coffee Organisation. Starting from one vantage point, with some basic information and theoretical priors, one can learn an enormous amount by "confronting it with

[6] Bates et al. (1998) do not cite any particular work by Alexander George but rather refer to him as a leading thinker in the discipline.

the evidence, and then selecting a new one" (Bates et al., 2000b:694). The iterative process allows for each new chosen model to explicate the data still required for a sound explanation.

According to Bates et al., (2000b:695), the combined contribution of the critiques by Carpenter (2000), Parikh (2000) and Skocpol (2000) essentially insist that the creators of analytic narrative should "do more to define the craft of analytic narrative, to extend it beyond a set of historical cases, and to forge links with alternative approaches." The creators duly accepted the challenge, and Greif's (2006) work is a seminal contribution in this respect in that while it primarily applies game-theoretic analysis to the historical data, it draws on rich material from sociology, history and psychology. In this vein, then, scholars wishing to understand divergent institutional outcomes in similarly oil-wealthy contexts should consider using the criteria delineated below to evaluate the scientific usefulness of any given analytic narrative. Once a model has been built from a narrative interpretation, its explanatory power is subject to sceptical appraisal.

2.6 Evaluating a narrative

First, the conclusions of the model must clearly follow from the premises. This is a basic requirement of scientific endeavour. It is easier to appraise the logic of an explanation if it is formally modelled. To carry explanatory weight, a model's logic must yield implications that are formally true and consistent with a game-theoretically plausible strategic reconstruction of how the deals in question were constructed. The transformation from mere narrative to analytic narrative turns on this axiom: "the empirical content of the narrative is as important as the logical structure of the model" (Bates et al., 1998:15).

Second, the search for theoretically consistent explanations should animate the process of empirical discovery. For instance, one may hypothesise that Obasanjo's attempt to use oil-for-infrastructure deals to seal a third term precipitated deal collapse because the ANOCs suspected that their investment would not be credibly protected. But in the process of trying to reconcile this with the data, a researcher may discover an appreciation of other factors not previously considered. This exemplifies an honest search for knowledge. Analytic narrative moves back and forth between interpretation and case materials, modifying the explanation in light of the data as the process evolves. Thus, the method departs from conventional hypothesis testing, though it attempts to achieve a match between theory and case materials in a way that renders the process a means of testing too, rather than mere tracing. This makes the process of knowledge acquisition more transparent and the conclusions more open to scrutiny.

Third, the appeal of the approach would be undermined if it did not stand up well against other explanations. One of the difficulties in the social sciences is that multiple interpretations can be offered for a given observation, each internally coherent and fitting the observable facts. This is because "[s]electing among theories is easier the more explicit and logically coherent they are" (Bates et al., 1998:17). The possibility of falsification is inadequate as a response, because multiple explanations may persist. The value of analytic narrative, for instance, is demonstrated by the way that Weingast (1998), in his chapter in the original volume, subsumes alternative explanations for the abolition of U.S. slavery into his model and is able to explain why traditional historians have pointed to slavery as the dominant national issue of mid-nineteenth century U.S. politics. In comparing oil-for-infrastructure deals in Nigeria and Angola, the typical narratives about African political and economic development can only partially account for different outcomes, hence "the need for more case studies on the subject of Asian involvement in individual resource-rich African countries in order to better understand such nuances and the way African host governments respond" (Vines et al., 2009:9). Analytic narrative offers a plausible iterative method to develop the most suitable model to fit the data. The narrative offers a detailed and textured account of context and process, with concern for sequence and key events. It "offers a means to arbitrate among possible explanations for observational equivalences, that is, two distinct processes that lead to the same outcome" (Levi & Weingast, 2016:7).

Finally, there is the question of whether the explanations deduced and induced can be generalised. A model that can account for one case well but falls apart in explaining others is of little replicable value. If the case is particularly important and unique, this may not be problematic. Analytic narrative can, however, also deliver explanations that hold widely, as it explicitly travels a mid-road between idiographic and nomothetic reasoning. As the original authors (Bates et al., 1998:234) acknowledge:

> the 'force' of a game may lie in the properties of structure that it highlights and the strategic problems to which it gives rise. And whereas the specific game may not be portable, these other attributes may offer opportunities for comparative analysis. They may yield explanations that can be tested in many different settings.

Analytic narrative supports the view that context-specific, theoretically informed case studies are typically more persuasive than cross-country regressions (Kincaid, 2012). As Greif (2006:4) argues:

> Institutional analysis requires going beyond the traditional empirical methods in the social sciences that rely on deductive theory and statistical analysis… Central to this case study method is the use of theory, modelling, and knowledge of the historical context to identify an institution, clarify its origin, and understand how it persists and changes.

2.7 Comparative case studies and case selection

"Comparative case studies and field experiments are arguably more likely to yield new insights than yet another cross-country regression, no matter how carefully the independent variables are measured" (Shirley, 2013:33). This section provides the rationale for Nigeria and Angola as case comparisons by which to do this and explores the divergence of the *political settlements* analysis from NIE that provides categorisation options for the countries under examination.

Bennett and George (2005:75) describe a number of case study typologies, of which "heuristic cases inductively identify new variables, hypotheses, causal mechanisms and causal paths". These provide opportunities for "plausibility probes… preliminary studies on relatively untested theories and hypotheses to determine whether more intensive and laborious testing is warranted" (Bennett & George, 2005:75). Examining the changing composition of the dominant coalition prior to, and during, the time of the deal negotiations in Nigeria and Angola, for instance, is one aspect of this approach, made possible through careful process tracing. Analytic narrative resembles process tracing through emphasising sequencing and "fine-grained description as means for making causal inferences" (Levi & Weingast, 2016:4). The network dynamics associated with each member of the coalition, for instance, convey important information about whether the overall bargain becomes more or less inclusive in its rent-generating efforts. Greif does warn, however, that inductive analysis on its own is insufficient for studying institutions "because various institutional elements, such as beliefs and norms that motivate behaviour, are not directly observable" (2006:305). Analytic narrative therefore complements and enhances process-tracing methods by disciplining the narrative with a formal model.

Bennett and George (2005:83) argue that "cases should also be selected to provide the kind of control and variation required by the research problem". Nigeria and Angola provide the control and variation required to test the hypotheses offered at the outset of this thesis, as I argue below.

Levy (2014:16) proposes that countries be understood according to at least six different categories. Following the NWW (2009) framework, some countries are characterised by unmanaged conflict, a 'natural state' that precedes any political settlement or elite bargain. LAOs then broadly fall into dominant or competitive trajectories. In the dominant space, the order can be 'discretionary' (normally hegemonic or authoritarian) or 'rule-by-law', whereas in the competitive space the regime is either 'personalised' or characterised by 'rule-of-law'. In the dominant discretionary category, the institutional arrangements are principal-agent, whereas the personalised competitive category is defined by multiple-agent institutional configurations. Countries that have satisfied the doorstep conditions articulated by NWW (2009:150-51) become OAOs. These conditions are a) rule of law among elites, b) perpetually lived public and private organisations and c) monopoly control over the means of violence by the state. In turn, only OAOs can sustain democracy as a "stable system for controlling political officials and responding to citizens" (NWW, 2009:145).

The categories employed by Levy are intentionally 'fuzzy', as the trajectories are not progressing towards the OAO setting in a linear fashion. In fact, as this thesis shows, Nigeria transitioned from the dominant discretionary category into the personalised competitive space, rather than towards an OAO. This movement may increase its chances of moving towards a durable OAO, but this is by no means guaranteed.

Levy's work enhances NIE and draws on concepts derived from the emergent Political Settlements (PS) literature. This literature emerged from a dissatisfaction of relying on institutional causes alone to account for divergent patterns of development, though it does recognise that antecedent institutions shape the type of political settlement that emerges and evolves. For instance, recent examples of development success (China and Indonesia) have occurred under political and governance regimes typically considered inimical to long-run development. Acemoglu and Robinson (2012) argue that China's less politically inclusive approach to development is likely to retard long-run development while India's more inclusive approach is ultimately more conducive to broad-based growth. However, a number of scholars have diverged from this view, resulting in a 'post-institutionalist turn' in development studies (Behuria et al., 2017; Booth et al., 2015; Hickey, 2019; Kelsall, 2018, 2016; Kelsall and Booth, 2010; Khan, 2010, 2017). The question is whether a focus on improved institutional formation is sufficient for delivering development results. This turn focuses on the form of politics and power relations that underpin institutional formation. Their effects on social and economic development are the salient explanatory factors, as similar institutions often have different consequences for development.

Two distinct research streams have developed that place politics at the centre of explaining development and looks behind institutions to the political forces that create them. One addresses the particular configuration of power while the other focuses on patterns of conflict to explain which institutions are adopted and why. A number of scholars were still concerned, however, that these post-institutionalist streams were not sufficiently integrated to provide a viable analytic alternative to institutionalist approaches. An alternative theoretical framework to explain specific empirical puzzles that existing approaches failed to fully account for was still necessary. A *political settlements* approach has therefore been articulated as a solution to this difficulty. The salient conceptualisation is that of official or unofficial agreements among elites and non-elites about the distribution of power, basic governance and distributional arrangements that resolve disputes and bring about a period of relative stability. Expanding the framework proposed by NWW, it hypothesises that distributive goals pursued by incumbents are motivated by concerns about restraining violence and maintaining the current agreement. Political settlements therefore avert conflict and reproduce current power relations (Kelsall, 2016; Khan, 2010).

Whereas recent work in NIE recognises the role of power, a political settlements approach focuses on both the social foundation and power configuration of the settlement. It identifies economic reductionism in what it sees as the early NIE view that wealth and income equate to power, which ignores the sociological literature that emphasises that sources of power have historically operated at least partially independently from economic assets. The reductionist view, in their view, presents too thin a notion of politics. Work inspired by power resources theory that focused on the distribution of power was more promising but still elevated the role of formal political organisation of class interests in a way that ignored the fact that in many developing countries, social class is not necessarily the primary vehicle for political mobilisation. A power-configurational approach that pays more attention to ethnicity, for instance, is therefore a useful corrective to the disproportionate focus on formal social class movements.

The second stream of ‘post-institutionalist’ research has emphasised patterns of conflict as the primary determinant of political dynamics. Institutions in this view are primarily shaped by the survival considerations of elites, hence their focus on restricting violence. Political settlements theorists are concerned that this approach can only account for conflict as a source of development-orientated institutional formation under certain narrow conditions, and large-scale conflict can hardly be recommended as a means of achieving development (Gray, 2016). However, they are simultaneously of the view that the causal role of conflict in development, especially internal conflict, should be given similar weight to that of the distribution of power. A focus on conflict can establish a less structural and more dynamic analytical perspective, but theorists should remain aware that intra-elite struggles are often endogenous to the broader distribution of power in society (Acemoglu and Robinson, 2015). Acemoglu and Robinson indeed show that political institutions shape de jure institutions alongside inequality shaping de facto political power. The combination of these factors results in a new equilibrium of political and economic institutions in the next time period (t_1). The economic institutions in turn forge the technology, skills and prices equilibrium, which determine economic performance and inequality levels in t_1.

Critical to explaining development outcomes are the *social foundation* of the elites and non-elites who acquiesce and the way in which their settlement concentrates power – the *configuration* of power. Political parties or regimes come and go but groups with disruptive potential to the existing settlement will be a regular focus for governments regardless of their political persuasions. Disruptive potential is a strong predictor of distributive outcomes over the medium term. The extent to which democratic transitions broadens the social foundation of the settlement is an empirical question. How power is organised – the *configuration* – is either concentrated in top leadership (unipolar or a principal-agent arrangement) or dispersed among multiple principals (multipolar).

In a unipolar configuration, power is more concentrated in the top leadership than in other configurations, ensuring that it is able to secure consent among those groups that comprise the foundation of the political settlement. In a multipolar settlement, the top leadership only achieves its ends after an extensive process of negotiation, bargaining and deal-making. Power configurations are not to be confused with regime type, as multipolar autocracies and unipolar democracies can both exist. What matters is the extent to which the top leadership is able to make decisions that are binding on the rest of society. Under unipolar settlements, the leadership is likely to have longer time horizons than under multipolar arrangements (where distributional arrangements are more informed by preventing disruption), and therefore invest in development that only has longer term pay-offs. As per the hypotheses articulated in chapter one, unipolar or dominant settlements are likely to be perceived as having more credibility by investors, whereas credible commitments are less likely to be forthcoming under multipolar conditions.

The social foundation of a settlement is comprised of groups that have disruptive power to overturn the settlement and that are neither repressed nor resisted by the government. The larger this foundation is, the more incentivised the leadership may be to distribute public benefit more broadly, resulting in more inclusive development outcomes. Pork-barrel patronage may be preferred over programmatic development approaches if the foundation (groups of intended beneficiaries) is easily bought off and divided.

Kelsall (2016) builds a three-dimensional framework of political settlements that reflects the thinking articulated above. The first dimension entails the degree of elite inclusion. If “the majority of elites accept the settlement and have foresworn the use of violence to achieve their aims” (Kelsall, 2016:3), then the settlement is likely to avoid state fragility, but if most remain willing to employ violence to achieve their ends, the probability of fragility increases.

The second dimension proposed by Kelsall (2016) is informed by the question of endogenous motivation (Greif and Kingston, 2011) for elites to accept the settlement. The continuum of options ranges from being coordinated around a common purpose to simply being granted a share of the spoils. The degree of elite coordination is a strong predictor of whether a regime will supply public and collective goods above merely maintaining what is required to thwart the ambitions of groups with disruptive potential. In other words, if the majority of those included in the settlement are predatory, then development will be foregone due to shirking and free-riding (Levy and Walton, 2013).

In the third, vertical dimension, the norms that inform bureaucratic governance can be personalised or impersonalised (with a range of options in between). Impersonal norms, rules and meritocratic recruitment characterise a well-functioning bureaucracy. While such a bureaucracy may be a necessary condition for stronger development performance, it is not a sufficient one (Levy et al., 2018). Nonetheless, it is preferable for development to the type of bureaucracy at the other end of the spectrum characterised by patronage, nepotism and clientelism. Supplying public goods that promote development is more likely under a more impersonal bureaucracy.

From the literature, Angola fits the unipolar 'dominant discretionary' category with a predatory (principal-agent) elite that has ruled since 1975. A major part of the puzzle to be explained is how this unipolar settlement emerged and became embedded despite some initial internal contestation from a group with disruptive potential (hence the 1977 attempted coup) and external contestation that precipitated a 27-year civil war. According to Kelsall's (2016) three dimensions, Angola's top leadership was characterised by a relatively inclusive elite bargain (within the ruling coalition) from 1979 onwards with a largely spoils-orientated motivation for inclusion. The bureaucratic culture was highly personalised from the outset, with the national oil company and its web of subsidiaries essentially providing the de facto bureaucratic structure while the de jure ministries were mere shells occupied by groups internal to the settlement but without real power. Nigeria, to the contrary, is now a multipolar or 'personalised competitive' settlement, having evolved to this position from the dominant category around 2006. The settlement is more inclusive than it was immediately post-independence, including external elite players now that were relatively powerless until after Abacha died. The means of inclusion are a spread between predators and producers (Levy and Walton, 2013), and the bureaucracy has become slightly more meritorious and impersonal than Angola's.

Though Nigeria and Angola have divergent political histories, both have a state-run national oil company that has been crucial to both generating and distributing rents for the ruling coalition. Sonangol has operated proficiently, while the Nigerian National Petroleum Corporation (NNPC) has been inept. Access to oil rents is synonymous with access to political and economic opportunity in both countries. Oil wealth has not only been a source of patronage but often the only access to any kind of income. The most important source of variation between the two countries is political history, and the political settlement that evolved from historical processes. The cases have been selected primarily on the grounds that Angola and Nigeria are by far Africa's two largest oil producers, and no comparative case study accounting for their divergent institutional evolution currently exists. Oil, as it were, is the variable being held constant, along with the fact that for a large part of their post-independence history, both had variations of unipolar or dominant political settlements. The divergent results of the 2004 to 2007 ANOC transactions provide a useful site of analysis for explaining long-run antecedent differences in institutional formation.

Greif (2006:307) summarizes the complementary case study method as follows:

> Theory and contextual and comparative information are used to identify important issues, transactions, and possible causal relationships in the episode under consideration. They are also used to determine which institutional factors can be treated as exogenous and which are to be treated as endogenous. Contextual analysis, generic theoretical insights, and empirical evidence are used to develop a conjecture about the relevant institution: which transactions were (or were not) linked, why and in what way, and how and why the resulting game and the beliefs within it led to particular behaviour.

2.8 Conclusion

This chapter has provided a methodological template for how this thesis will explain why oil-for-infrastructure deals were struck in Angola but not in Nigeria between 2004 and 2007. It also provides a template for answering the broader question of why these two petro-states experienced divergent development outcomes post-independence in terms of their political settlements. These divergent outcomes occurred in states that are similarly dependent on oil rents for both export and government revenues but have different histories. A reasonable prior might have been that Nigeria would be more successful than Angola in striking the deals because it was politically more inclusive, and Angola had only recently emerged from a devastating civil war.

Analytic narrative is proposed as the most fruitful approach for explaining these divergent outcomes. The approach conceptualises institutions as the primary object of study, transactions as the central unit of analysis, and classical game theory as the analytical framework. Within the NIE, there is still considerable debate as to how to define and measure institutions despite the overwhelming consensus within development economics that institutions matter. This chapter has proposed that Greif provides the most sensible definition of institutions that makes them conducive to game-theoretic analysis. It also provides a rationale for drawing on political settlements analysis that looks behind institutions to understand the power configurations and social foundations that shape institutions. Because organisations are crucial to understanding transactions, both central and auxiliary, Sonangol and the NNPC can also be studied as keys to determining Asian oil companies' investment decisions in Angola and Nigeria respectively. As would be endorsed by the proponents of analytic narrative, the cases selected themselves by virtue of the research question.

The next chapter presents an off-the-shelf model developed by Milan Svolik (2009) to generalise the explanation of authoritarian rule duration. While the original analytic narrative authors (Bates et al., 1998) caution against selecting existing models and would rather the models emerge from the details of the narrative being examined, there are a number of benefits to choosing an existing model. First, it is more conducive to the project of extending analytic narratives into the domain of comparative case study approaches as it does not rely solely on context-specific variables. Second, that the model was designed to generalise allows it to be tested through application to comparable cases with different outcomes. Third, it reflects the spirit of analytic narrative that involves iterative knowledge formation, as it moves continuously between data and theory, and weighs the explanations turned up through the application of the model against competing explanations. It is not determinative or likely to generate a 'just-so' story, which is Elster's (2000) major concern. There are some conjunctures for which the model does not account particularly well, but I argue that it nonetheless does better than competing explanations to account for the unstable evolution from dominance to competitiveness in one instance (Nigeria) and the evolution towards established autocracy (within a unipolar settlement) in another (Angola).

CHAPTER THREE

An adaption of Svolik's game theoretic model

3.1 Introduction

A crucial question for development practitioners is how countries transition from one type of political settlement (Gray, 2016; Kelsall, 2016; Levy et al., 2014) to another. Post-independence, Angola became a deeply entrenched unipolar kleptocracy, whereas Nigeria oscillated between civilian and military rule, and no aspirant head of state was able to achieve dictatorship. The oil curse literature broadly acknowledges a correlation between oil-rent dependence and authoritarian rule in the presence of poor-quality institutions. However, insufficient attention has been paid to explaining heterogeneity within authoritarian rule, or political settlements characterised by relatively low levels of political inclusion.

Svolik (2009) has developed a model that illuminates the mechanisms that determine heterogeneous political outcomes in weakly institutionalised contexts. He notes that the majority of authoritarian rulers are removed by government insiders and answers why "some authoritarian leaders stay in power for only a few months while others persist for decades" (Svolik 2009:447). The model satisfies Acemoglu and Robinson's (2006:16) insistence on Occam's Razor: "one should not increase the number of entities required to explain a given phenomenon beyond what is necessary."

The model shows that the focus in the literature on the role of popular opposition in overthrowing authoritarian rule is misplaced, as it fails to account for the majority of dictator removals from office. In an examination of 316 authoritarian leaders who held office for at least one day and lost power by non-constitutional means between 1945 and 2002, 205 were removed by government insiders: “[a]n overwhelming majority of authoritarian leaders lose power as a result of a successful coup rather than a popular uprising” (Svolik, 2009:478).

“In order to understand authoritarian politics, we need to examine politics *among* the governing authoritarian elites” (Svolik, 2009:478). Especially where the leader rules as the head of a party – and the party is the overt mechanism for governing – the joint desire to share power is complicated by a conflict of interest between senior officials. The ruler desires to acquire more power at the expense of the coalition. But the members of the coalition also hold enough power to be both necessary and sufficient for the leader’s survival.

The coalition may

> attempt to deter the dictator’s opportunism by threatening to stage a coup. However, the credibility of this threat is tenuous because the ruling coalition has only imperfect information about the dictator’s actions and because coups may fail and are therefore costly (Svolik, 2009:478).

Temptation is also present among the ruling coalition to reconsider a threatened coup after a ruler has attempted to acquire more personal power. This further reduces the coalition’s credibility and weakens its ability to deter the dictator’s opportunism. Svolik (2009, 2012) proposes two types of authoritarian power-sharing regimes: *contested* and *established*. In the former, coups occur frequently as a result of the power struggle between the ruler and the ruling coalition. In the latter, the ruling coalition lacks the credibility to depose the ruler through a coup.

The ruler’s actions are not perfectly observable, allowing him to opportunistically accumulate more power in secret. Since a coup may fail, the ruling coalition would prefer to stage one only if the ruler is in fact behaving opportunistically with a positive probability. Therefore, "[i]f a contested dictator succeeds in several such power grabs without the ruling coalition attempting a coup, he may accumulate sufficient power that the ruling coalition will no longer be able to stage a successful coup" (Svolik, 2009, p. 478). This dynamic allows for a rare transition from contested to established autocracies. The longer a leader remains in office, the less likely he is to be removed by a coup.

I use the framework to model dictatorship as something that executives in states with weak institutions and un-entrenched rule of law *achieve* to a greater or lesser extent. The model has promise for showing – in weakly institutionalised oil-dependent contexts – how kleptocratic stability obtained in one case (Angola) but not in another (Nigeria).

There are a number of models that attempt to explain variation within authoritarian regimes (Geddes et al., 2014; Gehlbach and Keefer, 2011). The Svolik 2009 model, however, is most conducive to answering the question of relative stability between Angola and Nigeria. It is unusual for a model to provide a convincing explanation beyond a relatively limited period (Gehlbach et al., 2016). However, the Svolik model appears to account well for the authoritarian heterogeneity between Angola and Nigeria for a relatively long time, adding to its attractiveness. The model illuminates an analytic narrative that shows how dos Santos consolidated power relatively early on in his reign, using oil to do so, but how a contested autocracy developed in Nigeria.

Process-tracing shows that beyond 2006, when the nature of the political settlement changed in Nigeria, the model was no longer a good fit for explaining the Nigerian evolution. A model developed by Boix and Svolik (2013) explicitly incorporates collective action problems between coalition actors for replacing a dictator, something that the Svolik 2009 model assumes away. The Boix and Svolik model would have been a useful model for specific application to Nigeria as it would illuminate why the PDP developed an explicit power-sharing institution between Christians (south) and Muslims (north) post-1999 but it was not as appropriate as the Svolik 2009 model for comparative analysis, which sought to understand long authoritarian tenure in Angola versus shorter durations in Nigeria.

While downplaying the role of external factors might appear a high price to pay for parsimony, the model is able to explain political calculus in a way that does not ignore external factors. Dos Santos knew, for instance, that UNITA was unlikely to bomb offshore oil rigs because it would undermine the US support on which the movement was dependent. In that way, external factors shaped the incentive structure and range of strategic options available to individuals in the game. In the same way, members of Obasanjo's ruling coalition appealed to the constitution in 2006 to prevent him from consolidating power within the coalition, which paradoxically strengthened formal power-sharing institutions in the country and gave increased power to external elite players.

The further benefit of the Svolik 2009 model is that it sheds light both on agency and structure. Inherited colonial histories, degree of ethnic fragmentation, path dependence as a result of those and the geographic differentiation of oil deposits are structural factors that elucidate why it was so much more challenging for any aspiring Nigerian ruler to achieve dictatorship than in Angola. But that is not to say that had those structural factors been similar in both cases, dictatorship would have been achieved. Individual strategic choices matter too. Dos Santos was able to acquire more power at the expense of his ruling coalition in a way that cannot adequately be explained by the relative lack of challenging external structural factors. Arguably, few other leaders would have been able to balance internal interests in the way that dos Santos did during a 27-year civil war. The model accepts the point that leadership matters (Caselli and Cunningham, 2009) but shows why in a way that other models don't necessarily allow.

Other models have been specifically designed to explain kleptocracy (Acemoglu et al., 2004), which may have seemed a good fit for Angola (and probably would have been for the period after the civil war). However, the Acemoglu et al model was built specifically to explain Mobutu's rule in the DRC (formerly Zaire) and was explicitly not generalisable. The Svolik model, on the other hand, has been successfully generalised but has not been specifically applied to Nigeria and Angola post-independence. As mentioned above, it goes beyond explaining authoritarian variation to explaining why some aspirant rulers last only a few months in office while others last decades. In a sense, it opens up the structural black-box of ethnic fragmentation and colonial history to shed light on the importance of individual leadership actions in response to these important structural factors.

While the Svolik model focuses on the relationship between a ruler and his internal coalition, it can also cope to some extent with the role of competing factions outside the ruling coalition, insofar as their strategic moves influence the decisions taken by an aspirant dictator. This satisfies the focus in political settlements analysis on the importance of the relationship between elites and non-elites and those with disruptive power that are outside the ruling coalition.

As the application of the model in chapter four makes clear, dos Santos kept UNITA at bay in part through encouraging his MPLA FAPLA generals to pursue oil for diamond exchange deals with UNITA generals. This kept his generals wealthy and therefore less politically threatening at the same time as keeping UNITA at war but without resources that would enable it to win a war. Competition from UNITA (outside the ruling coalition and therefore the model), far from posing a serious threat to dos Santos's power-accumulation strategy, actually aided it.

In Nigeria, similarly, a wide range of potential challengers arose but these challengers were mostly from within the ruling coalition, keeping it firmly in the dominant or unipolar political settlement category. Chapter five shows how coups emanated from within the ruling coalition and were not predominantly influenced by external elite factions. Even the parties that contested the post-1999 elections were inventions of the PDP-military ruling coalition. It seems that external powerful groups only started to gain influence in Nigeria after the nature of the political settlement changed (around 2006), and even that change was due to internal factional power struggles. Internal ruling coalition dynamics inadvertently led to significant changes in the evolution of the political settlement, which renders the Svolik model inadequate post-2006 for explaining (relatively recent) political economy outcomes in Nigeria. Nonetheless, the model is able to account for external variation in the data for a fairly large portion of Nigeria and Angola's post-independence history.

The fifth chapter further emphasises that the salience of ethnic differences for shaping political outcomes was primarily reflected in the *internal* dynamics of the ruling coalition. Process-tracing and analysis of ethnic composition in Nigeria's coups show that many were intra-ethnic, better explained by internal ruling coalition dynamics than by the influence of external ideas or forces. The internal power-sharing arrangement (an ethno-religious north/south rotation of representation) established within the PDP in Nigeria post-1998 was also a partial reflection of the importance of ideas. Though few groups outside the ruling coalition held credible threat (disruptive) power, external factors did shape the ecological incentives within the coalition, arguably more than they did in the case of Angola.

3.2 The model

Consider a polity jointly governed by a ruling coalition and an aspirant ruler, which Svolik (2009) calls a dictator. Together with the ruler, the members of the coalition hold enough power to be necessary and sufficient for the government to survive. This power is normalised to one. The ruler's share of power is denoted by $b \epsilon (0,1)$ and the ruling coalition's share of power by $1 - b$. The term b measures the balance of power between the ruler and his coalition. Svolik (2009:483) writes: "The dictator's position allows him to divert government resources and increase his share of power relative to the power of the ruling coalition". Upon acquiring sufficient power, the dictator may decide to eliminate members of the coalition that are unnecessary for the government's survival. While the ruling coalition prefers to deter the acquisition of more power that may result in the elimination of some members and would rather have the ruler comply with the status quo, they observe only an imperfect signal $\theta = \{H, L\}$ from the ruler. The conditional probability that the observed signal is high (H) or low (L) is $\pi_{\theta a}$, where $a \in \{c, d\}$ denotes the ruler's actions – *comply* or *divert*. If the ruler diverts, the probability that the ruling coalition observes a high signal is π_{Hd}. The extent of the diversion is denoted by $\mu > 0$. The ruler's ideal outcome would be to divert and not be removed by a coup, with each successful diversion increasing the probability of achieving dictatorship.

The signal θ is informative about the ruler's actions in the sense of the monotone likelihood ratio property. Thus, $\pi_{Hd} > \pi_{Hc}$. When the signal is H, the coalition knows that it is more likely that the ruler diverted than complied. The model sets $0 < \pi_{\theta a} < 1$ for all θ and a ensures that the ruling coalition cannot perfectly infer his actions from the observed signal.

To deter diversion, the ruling coalition may threaten a coup, the success of which depends on the balance of power between them and the ruler. A coup's success is denoted by $p \epsilon (0,1)$. We assume that $p = 1 - b$. The stronger the ruling coalition is relative to the ruler, the more likely a coup is to succeed. Svolik (2009) assumes away the collective action problems within the coalition in this model in order to focus on how the balance of power affects the coalition's ability to detect diversion from the ruler.[7] The payoffs to the players depend on three consecutive outcomes:

1) If the ruler complies and is not removed by a coup (the status quo), he receives the payoff b.
2) If the ruler diverts and a coup is either not staged or fails, his power and payoff grow from b to $b + \mu b$. If a coup is staged and fails, he still requires a ruling coalition with the power $1 - (b + \mu b)$ in order for his regime to remain in power. The ruler's total power cannot exceed one. Therefore, μ must be such that $b + \mu b \leq 1$.
3) If a coup succeeds, the ruler is removed from power and receives a payoff of zero. In this case, the ruling coalition renegotiates the power-sharing bargain and chooses a new ruler.

Each member of the ruling coalition would prefer to maintain the status quo in which they each receive a payoff of one. If a coup fails, the entire ruling coalition is eliminated with each member receiving a payoff of zero. A coup attempt reduces the possible payoffs to common

[7] For a model that includes the collective action problem, see Boix and Svolik (2013).

solutions for both players. If the dictator manages to acquire power without being detected (divert) and a coup is not staged, then the probability with which the dictator eliminates a member of his ruling coalition, is $\epsilon \in (0,1)$ (Svolik, 2009). The expected payoff to each member in such a case would be $1-\epsilon$. $1-\epsilon > 0$, as members of the ruling coalition prefer to be at the mercy of a diverting ruler than participating in a failed coup. The game tree below (figure 3.1) indicates the sequence of actions and the associated payoffs in the game. First, the ruler chooses to *divert* or *comply*. Second, the ruling coalition observes the imperfect signal of his action and decides whether to stage a coup. Finally, if the coup is staged, it either succeeds or fails.

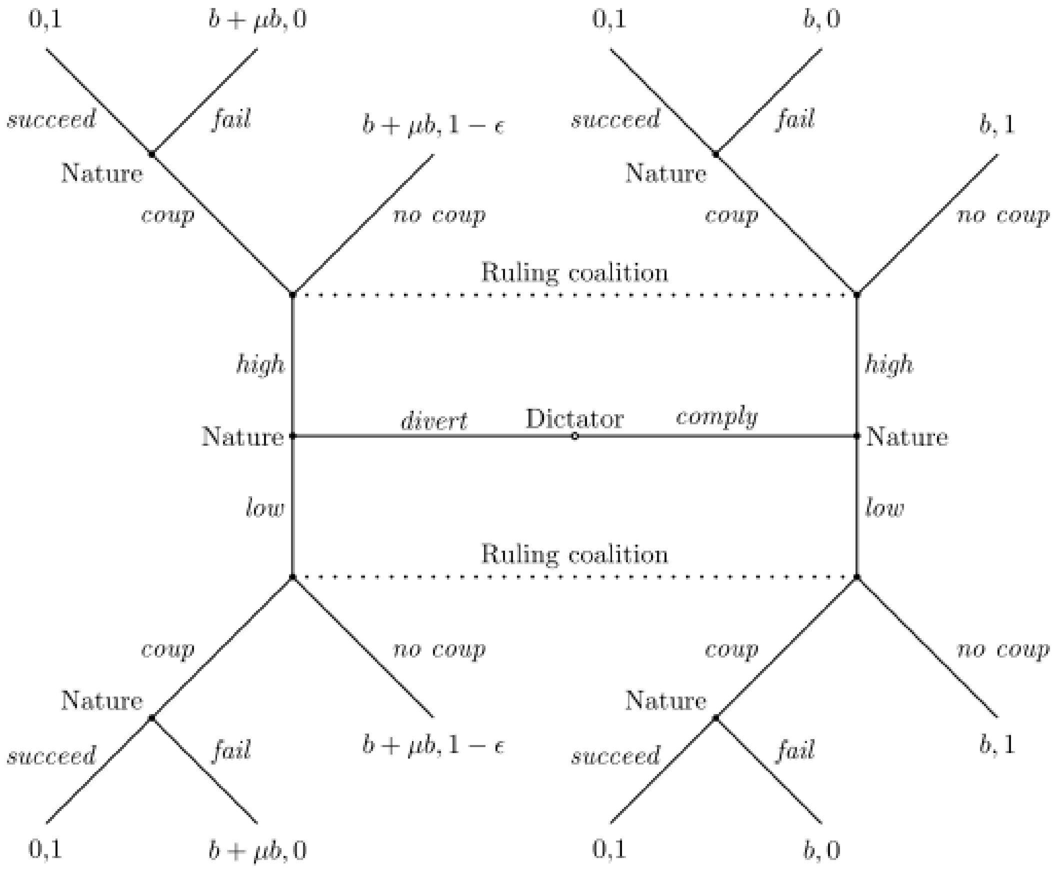

Figure 3.1: Authoritarian Power-Sharing Game in Extensive Form
Source: Svolik (2009:485)

Staging a coup is costly because failure would result in elimination and an end to shared power and the derivate rents. Therefore, threatening a coup is only warranted if the coalition observes a strong signal of diversion from the ruler *and* they can ensure that he will believe the threat. If the ruler believes that the threat is credible from the outset, then he will comply despite having signalled diversion. Crucially, the threat is only credible if the ruling coalition has an incentive to execute the coup *after* the ruler has acted and the coalition has imperfectly observed his signal. The signal must indicate that the ruler has diverted with a positive probability. This logic can be verified by examining the perfect Bayesian equilibrium of the game, to which there are four stages:

1) The ruler diverts with probability α.
2) Depending on the ruler's action, nature determines the realisation of the signal θ with probability $\pi_{\theta a}$.
3) The ruling coalition stages a coup with probability β_θ after it observes the signal θ. β_H is the probability that the ruling coalition stages a coup when it observes a strong signal from the ruler.
4) If a coup is staged, it succeeds with probability p.

Svolik (2009) rules out the possibility of an equilibrium in which the ruler uses a pure strategy *and* his coalition conditions its decision to stage a coup on the observed signal. Rather, "in a mixed strategy equilibrium, the ruling coalition stages a coup with probability β_θ such that, given the correlation between his actions and the signal θ, the [aspirant] dictator is indifferent between diverting and complying" (Svolik, 2009:485):

$$\sum_{\theta\in\{H,L\}} \pi_{\theta a}\,[\beta_\theta(1-\rho)b + (1-\beta_\theta)b]$$

$$= \sum_{\theta\in\{H,L\}} \pi_{\theta d}[\beta_\theta(1-\rho)(b+\mu b) + (1-\beta_\theta)(b+\mu b)]$$

or

$$\sum_{\theta\in\{H,L\}} \pi_{\theta c}\,(1-\beta_\theta\rho)b = \sum_{\theta\in\{H,L\}} \pi_{\theta d}\,(1-\beta_\theta\rho)(b+\ \mu b).\,(1)$$

Solving (1) for β_H, we obtain

$$\beta_H = \frac{\mu}{\pi_{Hd}(1+\mu)-\pi_{Hc}}\left(\frac{1}{\rho}-\beta_L\right)+\beta_L,$$

which implies that $\beta_H > \beta_L$. This indicates that the probability of the ruling coalition staging a coup is greater after it observes a high signal than a low signal. Of the pairs that satisfy equality (1), only $(\beta_L = 0, \beta_H = 1)$ are an equilibrium, where the ruling coalition is indifferent between staging and not staging a coup after observing either a high or a low signal. Therefore, either $\beta_L = 0$ or $\beta_H = 1$ (Svolik, 2009:485 see fn10). From both the ruler's and his coalitions' perspective, the equilibrium in which $\beta_L = 1\ and\ \beta_H > 0$ is preferable to the one in which $\beta_L > 0\ and\ \beta_H = 1$. In this equilibrium, as mentioned above, the ruling coalition will only stage a coup after observing a high signal:

$$\beta_L^* = 0 \text{ and } \beta_H^* = \frac{\mu}{\rho[_{Hd}(1+\mu)-\pi_{Hc}]} > 0.\,(2)$$

This equation implies that the equilibrium probability that the ruling coalition stages a coup after observing a high signal β_H^* is decreasing in the probability that a coup succeeds (ρ) and in how informative the signal θ is from the ruler regarding his actions $(\pi_{Hd} - \pi_{Hc)}$. At the same time, it is increasing in the extent of the ruler's diversion μ. Because this raises the possibility that the ruler would still divert even if the ruling coalition always staged a coup after he diverted, Svolik (2009:486) assumes that the extent of the "diversion μ cannot be so large that he diverts for all $\beta_H \leq 1$, $\mu < \frac{\rho(\pi_{Hd}-\pi_{Hc})}{1-\rho\pi_{Hd}}$". When the signal θ is more informative about his actions, and when the probability that a coup succeeds ρ is larger, the assumption admits a larger extent of diversion μ.

The ruler's equilibrium strategy α, in a mixed-strategy equilibrium, must be such that the ruling coalition is indifferent between staging and not staging a coup after observing a high signal. Svolik (2009) computes the conditional probability $\Pr(a|\theta)$ that the ruler diverted, given the signal the coalition observes. Using Bayes's rule:

$$\Pr(d|H) = \frac{\pi_{Hd}\alpha}{\pi_{Hd}\alpha + \pi_{Hc}(1-\alpha)}. (3)$$

The indifference condition is satisfied whenever $\rho = \Pr(d|H)\,(1-\epsilon) + 1 - \Pr(d|H)$, where ρ is the expected payoff to the ruling coalition from staging a successful coup, whereas $\Pr(d|H)\,(1-\epsilon) + 1 - \Pr(d|H)$ is the expected payoff from not staging a coup. Substituting $\Pr(d|H)$ from (3), the equilibrium probability with which the ruler diverts is:

$$\alpha^* = \frac{\pi_{Hc}}{\pi_{Hc} + \pi_{Hd}\left(\frac{\epsilon}{1-\rho} - 1\right)}. (4)$$

Depending on the balance of power between the ruler and his coalition, two distinct power-sharing regimes may emerge. A *contested* autocracy is "an equilibrium in which a coup staged by the ruling coalition succeeds with a sufficiently high probability to credibly threaten" (Svolik, 2009:486) the aspirant ruler. The ruler's propensity for diversion is at least partially deterred in this equilibrium despite the occasional coup and the ruler diverting with a positive probability. To the contrary,

> in an *established* dictatorship, the balance of power between the dictator and the ruling coalition favours the dictator to the extent that a coup is so unlikely to succeed that he anticipates that the ruling coalition will not stage one. In this regime, coups do not occur (Svolik, 2009:486)

as the ruler has achieved dictatorship.

This raises the question of how much power the ruler must acquire before the ruling coalition can no longer credibly threaten a coup. The equilibrium conditions in equations (2) and (4) above imply that the ruling coalition stages a coup with increasing probability as the balance of power shifts in favour of the ruler. However, Svolik (2009) answers that a coup threat lacks *ex ante* credibility when the autocrat has become so powerful that his ruling coalition would not stage a coup even if it knew for certain that he had diverted. In the absence of this credibility, each ruling coalition member would rather abstain from action and hope to not be eliminated than stage a failed coup. A coup will, however, be *ex ante* credible if – after the ruler has diverted – the ruling coalition's expected payoff from a coup is larger than in the absence of one: $\rho \geq 1 - \epsilon$ or $\epsilon \geq b$. Therefore, $b = \epsilon$ is the largest share of power that a ruler can hold under which a coup threat would still be *ex ante* credible. As long as $b \in (0, \epsilon]$, the players' respective strategies summarised in equations (2) and (4) above constitute an equilibrium of the power-sharing game. As long as $\rho \geq 1 - \epsilon$, the ruling coalition prefers not to stage a coup when it observes a low signal but only when it observes a high signal, as long as the threat of doing so is *ex ante* credible. However, when $b > \epsilon$, the probability of a coup's success is so unlikely that the ruling coalition would not stage one even if it knew for certain that the ruler had diverted. In this equilibrium of $\beta_H^* = \beta_L^* = 0$. Nothing deters the ruler from diverting and $\alpha^* = 1$. This is *established* autocracy or relative achievement of dictatorship. Three propositions follow:

1) The probability of *successful power sharing* declines in the ruler's power. The "moral hazard associated with authoritarian power sharing intensifies" (Svolik, 2009:487) as the ruler gains more power. The probability of successful power sharing (ps) is given by:

$$\Pr(successful\ ps) = (1 - \alpha^*)[\pi_{Hc}(1 - \beta_H^*) + (1 - \pi_{Hc})].$$

In a contested autocracy, the ruler only diverts successfully if (1) he acquires more power *and* the ruling coalition observes a low signal, or (2) the ruling coalition observes a high signal but does not stage a coup, or (3) the ruling coalition stages a coup in response to a high signal, but it fails. The probability of a successful diversion is given by:

$$\Pr(successful\ diversion) = \alpha^*[\pi_{Ld} + \pi_{Hd}(1 - \beta_H^*) + \pi_{Hd}\beta_H^*(1 - \rho)].$$

2) The *balance of power* is such that if $b \in (0, \epsilon]$, then α^*, β_H^* and the $\Pr(successful\ diversion)$ are all increasing in b, while $\Pr(successful\ ps)$ is decreasing in b. When the signal θ about the ruler's action is more informative ($\pi_{Hd} - \pi_{Hc}$ increases), "the likelihood of successful power sharing is greater" (Svolik, 2009:487). The relationship is non-monotonic between the ruler's successful diversion and how informative is θ.

3) The *transparency* of the signal matters for the probability of successful power sharing. If $b \in (0, \epsilon]$, then $\Pr(successful\ ps)$ is increasing in how informative θ is about the ruler's actions, $\pi_{Hd} - \pi_{Hc}$. And the ruler's diversion α^* is decreasing in ϵ, the

probability with which he eliminates a member of the ruling coalition if he successfully diverts.

Svolik (2009) also examines a multi-period game to demonstrate the endogenous evolution of the balance of power.[8] The repeated game is such that the balance of power in each successive round depends on whether the ruler successfully diverted in the previous round or not.

> Proposition 1 implies that in a contested dictatorship, the dictator will act opportunistically with a positive probability and the ruling coalition will stage a coup with a positive probability as well. Proposition 2 implies that the probability that the dictator indeed acquires more power is always positive, and in fact increases with that power. Any contested dictator may therefore become an established dictator if he succeeds in acquiring a sufficient amount of power through diversion, although such a trajectory is unlikely (Svolik, 2009:487).

The examination of this multi-period game confirms that the equilibrium probabilities that the ruler diverts, and that his coalition stages a coup are increasing as he acquires more power, and there comes a switching point at which, if diversion is successful, he becomes established and the ruling coalition prefers to be at his mercy instead of risking participation in a failed coup.

Important implications of Svolik's 2009 model are tested in greater detail in his 2012 book (Svolik, 2012) on the subject. Sufficient for this project's analysis below are the following observations:

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[8] See Svolik's (2009:488-489) examination of the Markov perfect equilibrium of a multi-period authoritarian power-sharing game. He assumes that given an existing balance of power, the ruling coalition employs the threat of a coup in a way that is optimal from that period onwards and ignores any previous history of play.

1) The rationale for the role of formal political institutions in autocracies is predominantly to "alleviate the moral hazard associated with authoritarian power sharing" (Svolik, 2009:492), which is produced through the information asymmetry and secrecy typically present in authoritarian LAO's. Institutions such as governing councils, legislatures or parties, function to allow members of the ruling elite to assure each other that no player is trying to attain more power at the expense of the other. In other words, formal institutions play less of a role in increasing political inclusiveness than in increasing the ability of the ruling coalition to observe the autocrat's signals towards compliance or diversion.
2) The fewer steps that a ruler can take in order to effectively eliminate the probability of the ruling coalition staging a successful coup, the "more likely it is that a contested dictator becomes an established one" (Svolik, 2009:493). Rulers who come into power through a coup may be less constrained in their pursuit of power than those who must constantly consult existing institutional structures. However, as is evident in the Nigerian case, rulers who come to power through coups will have a vizier problem (Egorov and Sonin, 2011) from the inception of their tenure, especially in the context of repeated coups with the same primary participants.

Importantly, Svolik (2009) offers a departure from the dominant view that institutions in autocracies serve predominantly to divide and co-opt the opposition. Rather, they facilitate power-sharing among those already in power and who are anxious to avoid leaders from becoming too powerful and eliminating members of their coalition. This clarifies why many aspirant rulers achieve dictatorship (established autocracy) and are often removed by external forces rather than members of their coalition. Svolik (2012:463) accordingly notes that

“Saddam Hussein was brought down by a foreign occupier, Muammar Qaddafi by a popular uprising, and Joseph Stalin by a stroke – none of them at the hands of their inner circle”.

The following chapters apply the model to Angola and Nigeria respectively from independence to 2002/2003 respectively. The application of the model to the Angolan case explains the unlikely trajectory of a leader who assumed office as a ‘first among equals’ and, despite the ruling coalition acting optimally, succeeded in accumulating enough power over time to become relatively invincible. The application of the model to the Nigerian case explains the oscillation between civilian and military rule and the relative inability of any ruler to achieve dictatorship.

One difficulty with operationalising the model is that there are no comparable and coded indicators for identifying whether a player has ‘diverted’ or ‘complied’. As described briefly above, Svolik (2009) builds on the simple model to show a repeated game in which the balance of power in each new period depends on whether the dictator successfully diverted in the previous period. He develops a probability graph based on this model using a random numerical example in absorbing Markov chains, given that algebraic computation is too complicated. The graph predicts that successful early diversions increase the probability of longer tenure and a large drop-off for coup success probability after a threshold number of years for which power has been held.

For empirical testing, he notes that the balance of power between the dictator and the ruling coalition is very difficult to measure in large-N data. To test the major implications of the model, empirical data on ruler-tenure and coups can be used, and this does indeed show that the “hazard of a successful coup declines relative to that of the dictator becoming established after a certain threshold time" (2009:492). The longer an autocrat is in office, the less likely that he will be removed by a coup instead of exiting by alternative means. It also generates the hypothesis that military autocracies will be shorter-lived than other types because members of the ruling coalition have direct access to tools of violence and a hierarchical chain of command, which makes the collective action problem smaller and a coup therefore more likely to be successful.

In terms of empirically identifying and evaluating the signals and moves of the model, however, the technology with which to do this is cutting-edge and only now starting to come into view. In the meanwhile, the thesis had to work with the historical data available and triangulate sources to justify the evaluation.

Difficulties with the operationalisation of the model can be located within a broader criticism that 'the concept of agency in applications of game theoretic models is scale-free: individual players are the only loci of utility functions, and thus remain the only sites of agency as games are scaled up to model increasingly complex and dynamic social interactions' (Ross, 2014: 193). In his review of Stirling's book (2012) on conditional games, Ross (2014) notes that game theorists should respond to the challenge by extending their mathematics to accommodate the fact that collective agency, as an empirical matter (for example, the actions of a ruling coalition in response to the ruler's actions), is often not linearly composed from the agency of individuals. The best known responses to the challenge consist in accounts of team reasoning, in which agents in the models can move back and forth between evaluating strategy choices in games from the perspective of their individual utility functions and also from the perspective of utility functions they associate with teams (coalitions) to which they belong.

Ross makes the point that we need not be dissatisfied with Nash equilibrium as a general solution concept in order to be interested in a mathematical account of team-centred choice.

Stirling provides a game-theoretic account of choice conditional on the existence of a team and attempts to unify this with the standard game theoretic account of equilibration among maximisers of expected individual utility. Ross locates Stirling's account as being an important response to Bacharach (2006), though Stirling himself does not cite Bacharach. Stirling's work is useful for ex post analysis of human strategic behaviour in social contexts, which makes it relevant for this thesis.

Hofmeyr and Ross (2019) take Stirling's book as the basis for novel extensions and applications of game theory. They note that economic modelling apparatus should be able to represent the fact that people identify with social groups to which they belong but simultaneously strive to operate and optimise individual utility functions. Team agency – switching between individual and group agency to maximise the utility of one or the other – can now be modelled thanks to Stirling's contribution. Hofmeyr and Ross (2019:77) argue that if people can in fact switch between individually and team-framed agency in strategic interactions, then it is natural to ask whether "the strategic principles that govern team framing itself also help to explain the relative stability of the equilibria at which teams arrive". Stirling's machinery of cooperation and exploitation indices to represent a genuine prisoner's dilemma (PD) structure simultaneously with scope for team agency is of particular interest, as aspirant dictators sometimes cooperate with the members of their coalition and sometimes exploit them to deepen their own power within the team. A coup, presumably, produces a mutually destructive outcome (PD), but through switching between compliance and diversion at the right moments an aspirant dictator can avoid that outcome.

The challenge for the thesis is to empirically identify when an aspirant dictator will adhere to his individual utility function (divert) to acquire more power and when he will conform to the coalition's utility function (comply with the power-sharing status quo), and how to identify signals that one or the other has been chosen. In building a model from scratch, one would build each utility function and identify action sets and actions that are consistent with one function or the other, both or are ambiguous. Adhering to a constitutional rule pertaining to term limits, for instance, might be an empirical action conforming to a team utility function, whereas attempting to override that limit (for an aspirant dictator) would be an action conforming to an individual utility function, requiring a high (and easily detectable) signal, which – following Svolik – would reduce its success probability.

While applying the technology afforded by Hofmeyr and Ross is beyond the scope of this thesis, the application of the Svolik model using historical data and triangulation nonetheless helps to discipline an important part of the puzzle in each country's evolution. It does not purport to debunk all alternative approaches, but the method necessarily entails generating explanations that are, for at least some parts of the historical chronology, more persuasive than other explanations.

CHAPTER FOUR

ANGOLA AND THE EVOLUTION OF AUTOCRATIC STABILITY

4.1 Introduction[9]

This chapter examines Angola's political-economy from 1961 to 2002. It applies the Svolik (2009) model to explain how José Eduardo dos Santos consolidated power within the MPLA and then held it as head of state from 1979 to 2017. He managed to transition from a *contested* to an *established* autocracy, a rare accomplishment. Achieving dictatorship enabled him to become a kleptocrat, a ruler who uses "power to transfer a large fraction of society's resources to themselves" (Acemoglu, Robinson & Verdier, 2004:162). Dos Santos was the second-longest ruling president in history (Vines, 2016), holding power unrivalled for 38 years.

The chapter begins with a description of Angola's demographic data. Second, it provides a narrative of important events from 1961 to 2002. Third, it details the main findings of the chapter, including a discussion of alternative explanations for the durability of the dos Santos regime. Fourth, it presents a historical narrative of the emergence of Angolan nationalism that shaped both the anti-colonial war from 1961 to 1975 and the early post-independence political dynamics. I then apply the model, which produces an *analytic* narrative of Angola's recent past from which the key findings emerge. The last section concludes.

[9] Due to language constraints, I was unable to access the political economy literature on Angola that has been written in Portuguese and is not available in English.

To my knowledge, no game theoretic model has yet been applied to explain how Dos Santos achieved dictatorship. There has been a recent proliferation of game theoretic modelling of authoritarian rule (see Gehlbach, Sonin & Svolik (2016) for a recent overview), but Angola has escaped scrutiny through this lens. Svolik (2012) identifies Angola as a dictatorship from 2002 onwards, but dos Santos had already been in power for 23 years by then. The application of Svolik's (2009) model suggests that existing explanations for political outcomes in Angola require revision.

4.2 Key demographic data

Angola has three main ethno-linguistic groups, "together accounting for about three-quarters of the African population" (Hodges, 2004:23). In 1970, five years prior to independence, the census indicated that 93 percent of the population was African, five percent white, and two percent *mestiço*. 95 percent of the white settler population left Angola after independence (Hodges, 2004:23 fn 4).

The Ovimbundu, whose language is Umbundu (30% of the population by 1996), historically concentrated in the Huambo and Bié provinces in the central high plateau. Under Portuguese colonialism, many Ovimbundu migrated to the coastal cities of Lobito and Benuguela, or – seasonally – to the coffee farms in the north-west.

The Mbundu speak Kimbundu (15% of the population by 1996), and have historically been dominant in the capital, Luanda, and the hinterland (Bengo, Kwanza, Norte, Malange and northern Kwanza Sul). The Mbundu had the most sustained interaction with the Portuguese, dating from the establishment of a permanent colony at Luanda in 1576. The Bakongo speak Kikongo (8% of the population by 1996), and live mainly in the north-western provinces of

Zaire, Uige and Cabinda. Hodges (2004:24) writes that while the Kongo kingdom was weakened by defeats at the hands of the Portuguese, “a strong sense of Bakongo identity remained”.

A 1996 survey revealed that 26% of the population spoke Portuguese as their mother tongue. Distributed by age, 42 percent under age nine, and 34 percent between aged between 10 and 19 spoke Portuguese as a first language. Such widespread infiltration of a European language was anomalous on the continent “as a lingua franca among the mass of the population” (Hodges, 2004:24).

Figure 4.1 below illustrates Angola’s ethnic distribution. Hodges (2004) writes that war-related population upheavals account for Angola’s rapid urbanization, a primary factor accounting for the evolution of ethno-linguistic characteristics of Angolan society.

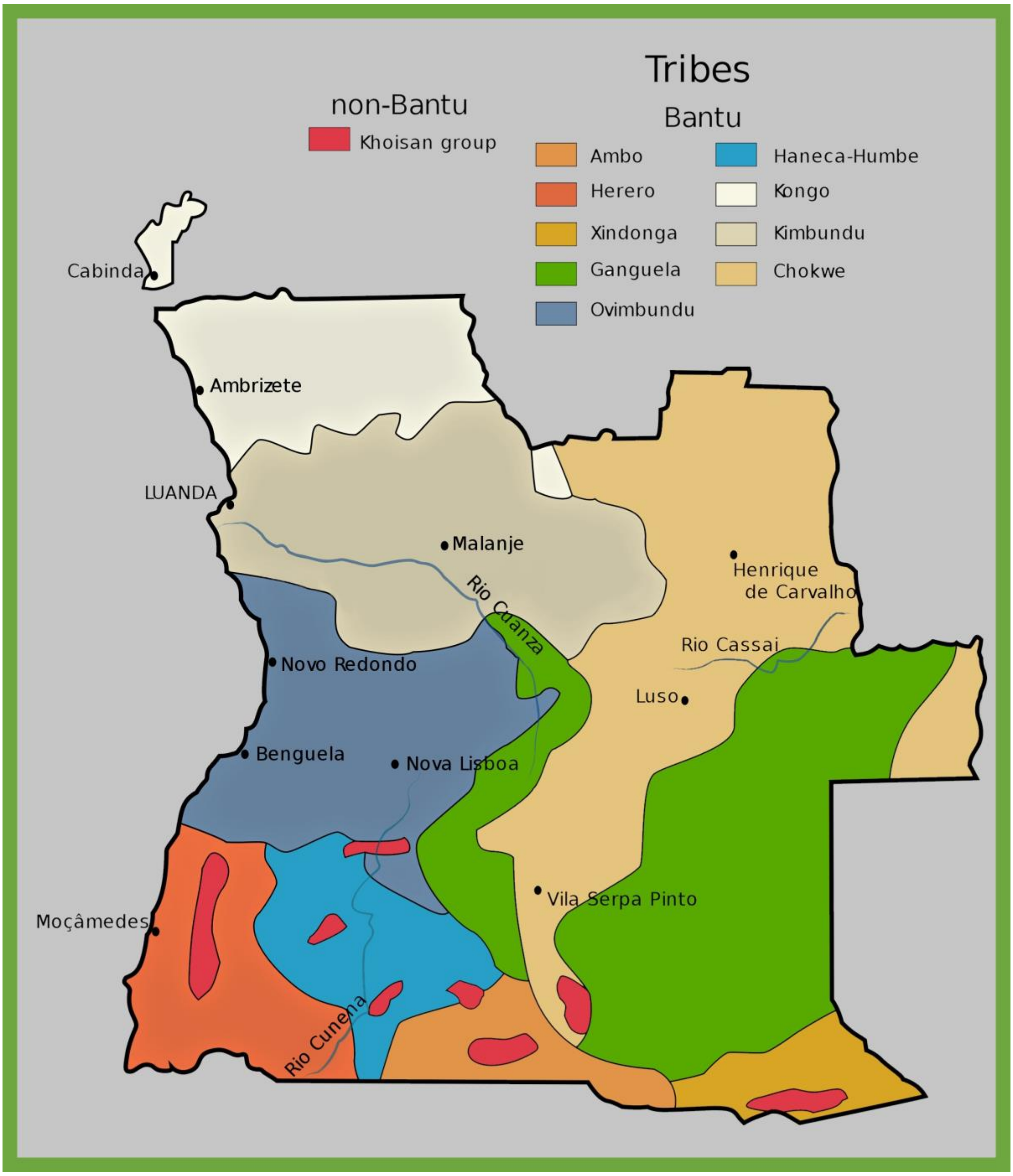

Figure 4.1: Ethnic distribution of Angolan population

Source: Adapted from On the World Map (2018)

Ethnic distribution is as follows: Ovimbundu 37%, Kimbundu 25%, Bakongo 13%, *mestiço* (mixed European and indigenous) 2%, European 1%, other 22%.

Figure 4.2 illustrates the location of Asian oil concessions. Moreover, it indicates that the majority of Angola's oil concessions are offshore, with the most lucrative being the 'Ultra Deepwater' blocks directly west of Luanda (demarcated in white text on the map).

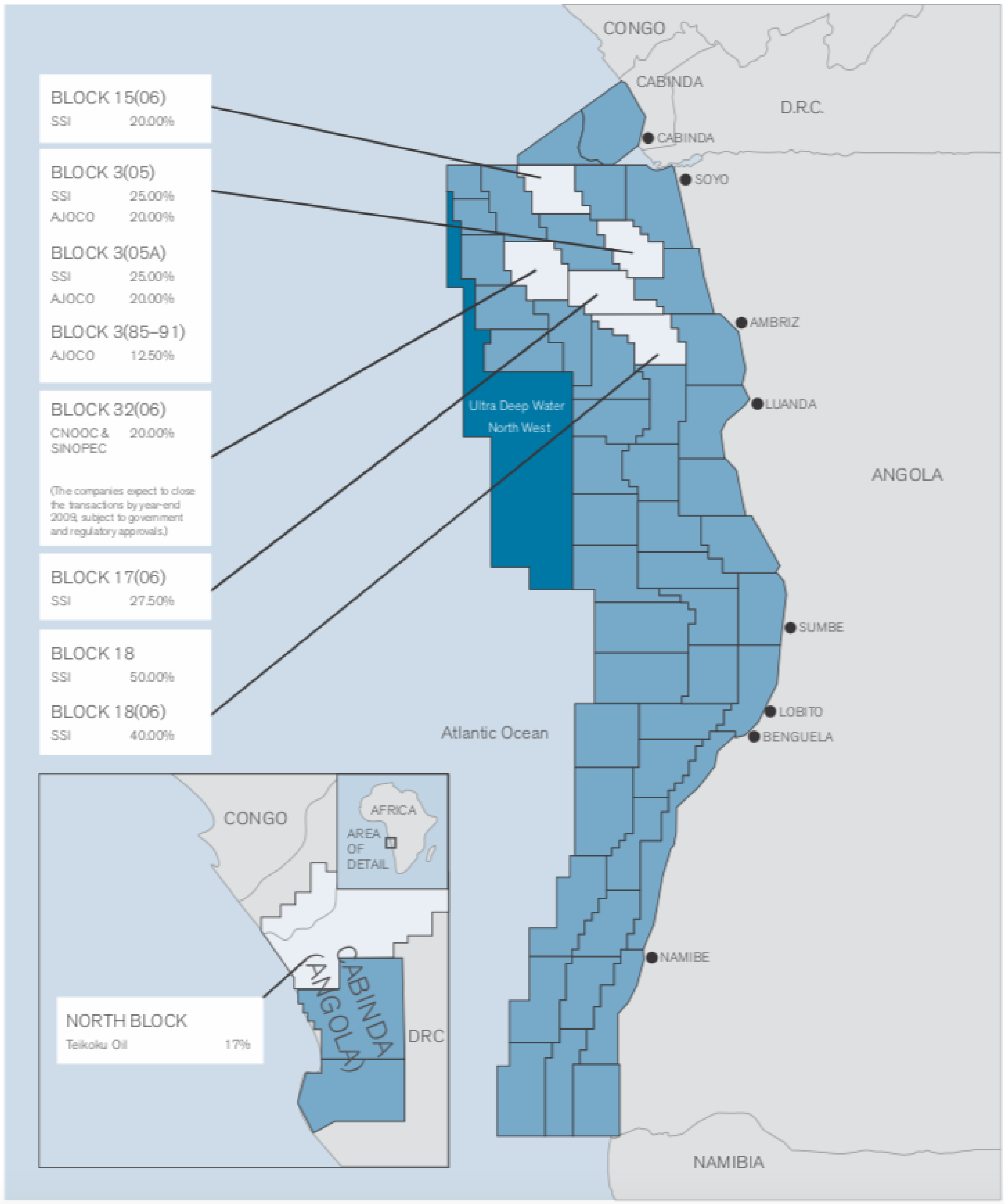

Figure 4.2: Asian oil concessions and location of oil and gas fields in Angola

Source: Vines et al. (2009:62)

Figure 4.3 shows the relationship between Angola's oil revenue growth and growth in GNP per capita from 1960 to 1999. A typical manifestation of the oil curse is evident from the moment (in the early 1990s) where oil revenue and GNP per capita diverge in the opposite direction – oil revenues climb where GNP per capita declines.

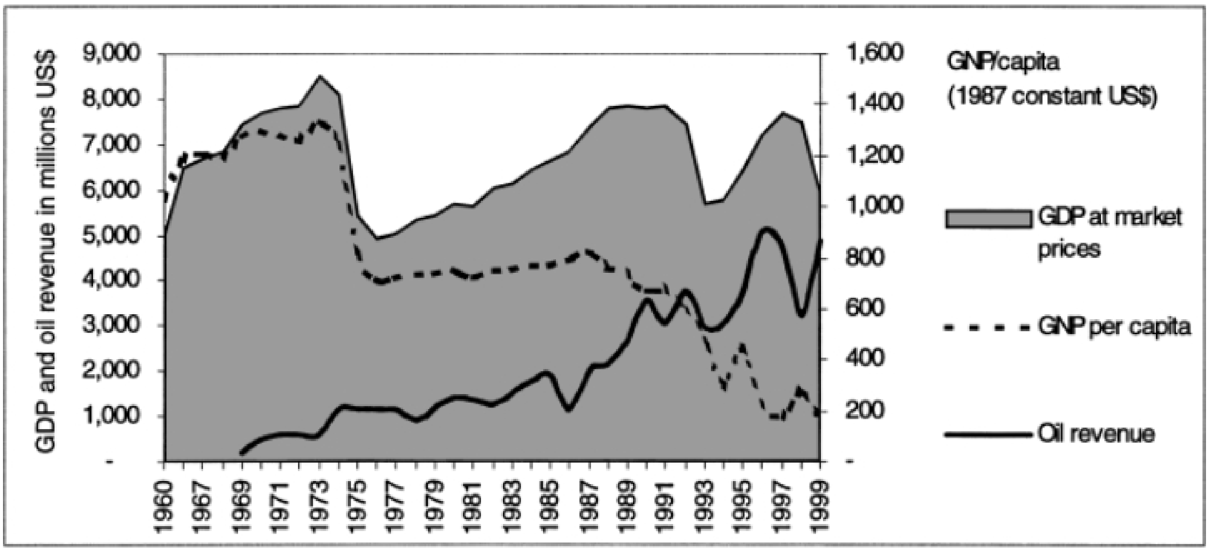

Figure 4.3: Oil revenue and income per capita, 1960 to 1999
Source: Le Billon (2001:60)

Figure 4.4 shows the development of a demographic 'youth bulge'. The population stood at 5.79 million in 1961. By 2002, it was 17.9 million. Over that time, oil production grew from 655,000 tonnes in 1965 to 44.6 million tonnes in 2002.

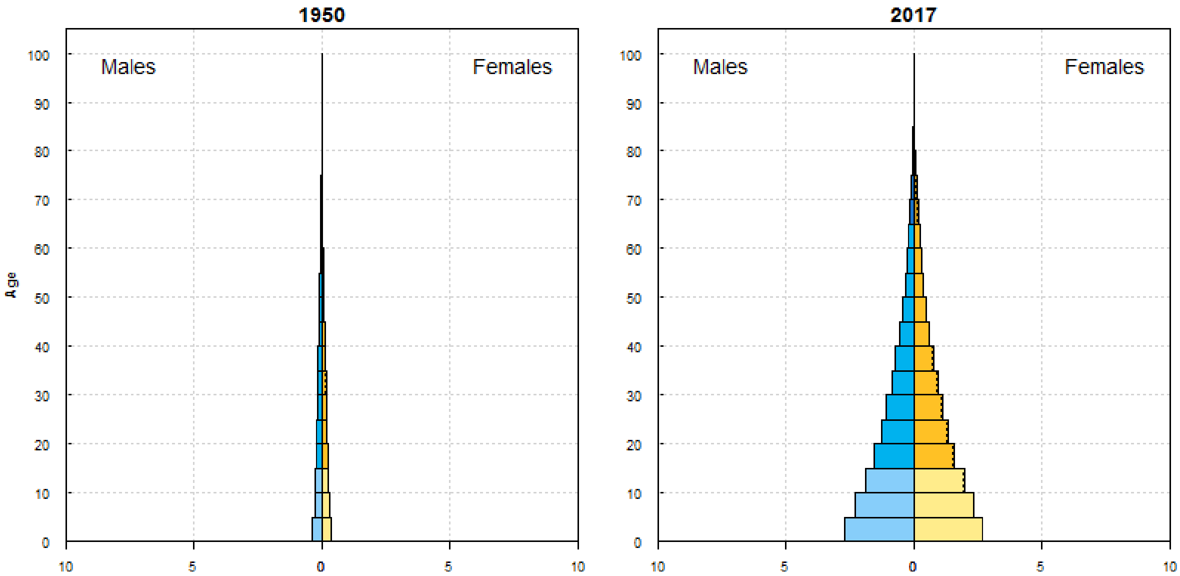

Figure 4.4: Angola's population pyramid, 1950 and 2017

Source: United Nations (2017)

Figure 4.5 shows two important indicators. Child mortality in Angola was significantly higher than in the rest of central Africa and the continent until 2002. The impact of the anti-colonial war, followed immediately by a long-running civil war, are clearly on display. Life expectancy, similarly, is essentially a mirror image of child mortality.

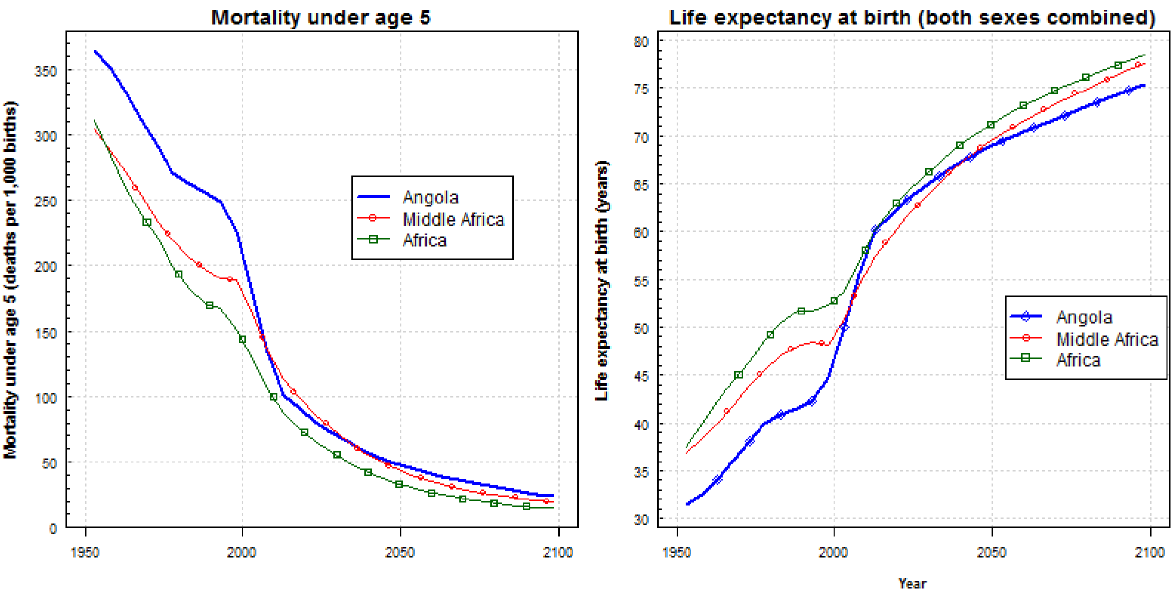

Figure 4. 5: Under-5 mortality and life expectancy at birth

Source: United Nations (2017)

4.3 Timeline summary of critical junctures

The anti-colonial war against Portugal, largely unsuccessful, began in 1961, (Hodges, 2004; Soares de Oliveira, 2015). It ended in 1975, shortly after the 1974 fall of the Salazarist regime in Portugal. Post-revolution consolidation proved to be challenging, with the three dominant political parties unable to arrive at a rent and power-sharing equilibrium (Guimaraes, 1992; Hodges, 2004). Competition for power led to the onset of civil war between the MPLA and the *União Nacional para a Independência Total de Angola* (UNITA), led by Jonas Savimbi. The war started in 1975 and lasted until 2002, despite elections and peace accords in between. Under Agostinho Neto, the MPLA became the official government. Neto ruled from 1975 to 1979, when he died in office.

On 27 May 1977, an insider coup was launched by Nito Alves, Minister of the Interior. The coup failed. The MPLA's response was brutal (Birmingham, 1978; Darch, 2014; Fauvet, 1977; Pawson, 2014; Saul, 2014). Upon becoming president two years later, dos Santos exploited the ambience of post-coup fear and the cover of war to consolidate power (Hodges, 2004; Soares de Oliveira, 2007). Firm control over the oil rents aided dos Santos in his quest to achieve dictatorship.

The civil war played out within the geopolitical context of the Cold War, followed by a decade in which the civil war continued despite external efforts to broker peace. To counter UNITA's societal influence in rural areas during the 1990s, dos Santos established channels through which to extend MPLA influence into areas in which it had had little physical presence prior to the end of the Cold War, following the example of comparable dictators elsewhere who had established personality cults (Messiant, 2001; Pearce, 2012).

The civil war ended in 2002 with the death of Jonas Savimbi. Given the extent of personal control he had exercised over the movement, his death resulted in the loss of appetite for continued guerrilla warfare among his followers, some of whom had already been successfully co-opted by the MPLA (Hodges, 2004). After using the post-war period to extract and distribute windfall oil rents to entrench his kleptocracy, dos Santos was ousted from power in 2017 by members of his ruling coalition, a highly unusual exit from a successfully established dictatorship.

4.4 Key findings

First, the role of oil and diamonds in prolonging – and possibly triggering – Angola's civil war has not been overstated by previous commentators (Frynas and Wood, 2001; Hodges, 2004; Le Billon, 2001; Malaquias, 2001; Olsson, 2006; Soares de Oliveira, 2007). Typical manifestations of the oil curse are evident in Angola. However, the natural endowment of oil and (lootable) diamonds[10] cannot account for the successful achievement of dictatorship under adverse circumstances. Oil revenues provided dos Santos with the means to wage war against UNITA, co-opt potential threats from within the ruling coalition and repress dissent as and when necessary. Diamond rents provided Savimbi with the means to prolong a war that he would otherwise have lost sooner.

[10] I emphasise the lootability of Angola's alluvial diamonds here because the literature reviewed in Chapter 1 generally points to this as important for understanding a 'curse' outcome (Snyder, 2006), but it also provides evidence that endowments of lootable diamonds reduce autocratic regime tenure (Andersen and Aslaksen, 2013). In the case of Angola, diamonds prolonged civil war (a curse outcome) but simultaneously helped dos Santos to entrench his autocracy, as MPLA and UNITA generals traded fuel (owned by the MPLA) for diamonds (owned by UNITA) during the civil war, thus enriching themselves and reducing the internal threats to dos Santos's rule (Hodges, 2004).

I argue that while a prolonged war devastated Angola's development, dos Santos exploited it to neutralise threats within his ruling coalition. How he achieved this, given that other aspirant autocrats fail to do so under conditions that appear more conducive to autocratic consolidation, is a puzzle that must be explained.

After the fall of the Berlin Wall in 1989, oil-for-arms deals sustained the MPLA's war efforts (Hodges, 2004; Allen & Intalan, 2010). The MPLA expropriated a number of diamond fields that UNITA had accessed until the 1980s (Hodges, 2004), which dos Santos distributed to his generals to mitigate insider threats. He also allowed selected officials to benefit from exchange-rate schemes in which they bought foreign currency at the official rate and sold it at black market rates. MPLA generals also struck fuel-for-diamond deals with UNITA officials. The combination of these factors made it difficult for Savimbi to overcome his collective action problem through pecuniary means by the beginning of the 1990s. Efforts at ideological indoctrination were insufficient to compensate for diamond revenue losses (Pearce, 2012; Thaler, 2012).

The availability of oil and diamond rents prolonged the civil war, as it provided both sides with the means to pay for munitions and food for their troops. Oil rents were an order of magnitude larger than diamond rents, which, in the final analysis, explains the MPLA's victory over UNITA. However, insufficiently addressed in the literature is that a significant part of dos Santos' power accumulation strategy was to allow members of his ruling coalition to enrich themselves under war-time conditions, which simultaneously disincentivised potential coup-plotting.

Second, external forces were expertly utilised by dos Santos to consolidate his rule during the Cold War. The MPLA was backed by the Soviets and the Cubans until 1990. UNITA was supported by the US and apartheid South Africa (Bender, 1989; Birmingham, 2015; Good, 2015; Graham, 2011; Hodges, 2004). China was an unimportant player, although Mao had a strong formative influence on Savimbi. The literature places extensive emphasis on Angola as Africa's foremost Cold War battlefield, a victim of foreign intervention. This view fails to account for how Cold War powers were used by both dos Santos and Savimbi for their respective ambitions. It also fails to account for how dos Santos achieved an uncontested autocratic equilibrium even in such a volatile context.

Third, the game proposed by Svolik (2009) applies naturally to formalising the Angola narrative and accounting for the achievement of uncontested autocracy. It is also able to account for political instability and repeated coups in Nigeria, the subject of the next chapter, extending the comparative case study endeavour that will strengthen the analytic narrative project. Importantly, the model is adequate to the task of explaining divergent political economy outcomes in similarly oil-wealthy contexts. The 'oil curse' literature shows that oil wealth fuels authoritarian rule (Ross, 2001, 2012, 2015; Jensen & Wantchekon, 2004; Andersen & Aslaksen, 2013; Andersen & Ross, 2014; Wright, Frantz & Geddes, 2013; Brooks & Kurtz, 2016), but it does not explain the divergent paths that equally oil-rich dictatorships follow. Some, like Angola, manifest durable autocracies (dictatorship), whereas others, like Nigeria, develop unevenly and oscillate between tenuous civilian and military rule. The model also shows why the role typically ascribed to ethnicity (Easterly, 2001; Fum and Hodler, 2010; Heywood, 1989; Montalvo and Reynal-Querol, 2005; Wegenast and Basedau, 2014) and geography (Le Billon, 2001; Nordvik, 2014; Nunn and Puga, 2012; Power, 2001; Saha, 2013) in explaining adverse political and social outcomes in resource-wealthy contexts may be overplayed. While Savimbi resorted to crass ethnic racism at times to mobilise support (Heywood, 1989), appeals to ethnicity were antithetical to the MPLA cause from the outset. As Guimaraes (1992:149) put it, "out of heterogeneous ethnic societies there emerged a current of Angolan nationalism", reflected in the MPLA's own founding documents from 1962 which envisage a sovereignty that transcends ethnicity and other affiliations.

Out of the apparent chaos generated by a fractious elite, an unstable economy and a civil war fought for access to the oil prize, dos Santos achieved dictatorship. The model elucidates the micro foundations of that achievement.[11]

Fourth, the relative competence of Angola's state-owned oil company, Sonangol, differentiates it from Nigeria. The competence of the Angolan oil bureaucracy was purposefully engineered by the top elites in the ruling coalition from the moment of independence in 1975 as a rent generation mechanism. Therefore, while the apparent causal variable in explaining the success of the 2004-2007 oil deals in Angola may be the competence of the oil bureaucracy, this begs the question of that competency's origin. Because Sonangol was already a shadow state by 2007, I contend that the causal variable was the agency of dos Santos in shaping a political settlement that required a functional oil bureaucracy. Dos Santos' firm grip over the company helped him to build a parallel, shadow state, through creating a complex web of subsidiary political and economic institutions. His ability to control the oil wealth was helped to an extent by geography – offshore oil is less lootable (Nordvik, 2014; Snyder, 2006) than onshore reserves – and Savimbi found it difficult to capture the oil, though UNITA did briefly attempt

[11] This is not to glorify the achievement as something to be lauded, but simply to recognize it as an unusual historical fact.

it in 1993[12]. An ethnically inspired Cabinda separatist movement also attempted, but failed, to capture the oil fields in the 1970s. Nordvik (2014:1) argues that "onshore oil is seen to promote coups while offshore oil prevents them. A likely mechanism is that onshore oil motivates military build-ups, while offshore oil does not". A large military is therefore a double-edged sword for the aspirant dictator as it may become powerful enough to stage a successful coup. The geographic difference in oil reserve location cannot, however, account for Nigeria's chronic leadership instability and Angola's relative stability. Dos Santos was compelled by the long-running civil war to build up the military, so Nordvik's (2014) proposed mechanism does not hold in this comparative case. From Nordvik's (2014) assessment, higher proportions of military expenditure, necessary where onshore oil creates contestation, should encourage coups, as the military becomes more powerful and therefore constitutes a threat to the ruler. While the strength of the military does become a threat to rulers in Nigeria, this occurs before serious oil wealth enters the equation. And, contrary to Nordvik's (2014) prediction, proportional expenditure on the military in Angola has historically been higher than in Nigeria, as the figures below indicate:

[12] An important puzzle of history to be understood here is that the MPLA received oil rents from US firms that were selling oil to US consumers, while the US was supporting UNITA against the MPLA, and the MPLA was receiving Cuban and Russian support during the Cold War. UNITA was disincentivized from bombing the offshore oil rigs, as the risk of killing US civilians working on them would have jeopardized CIA support for the war against the MPLA.

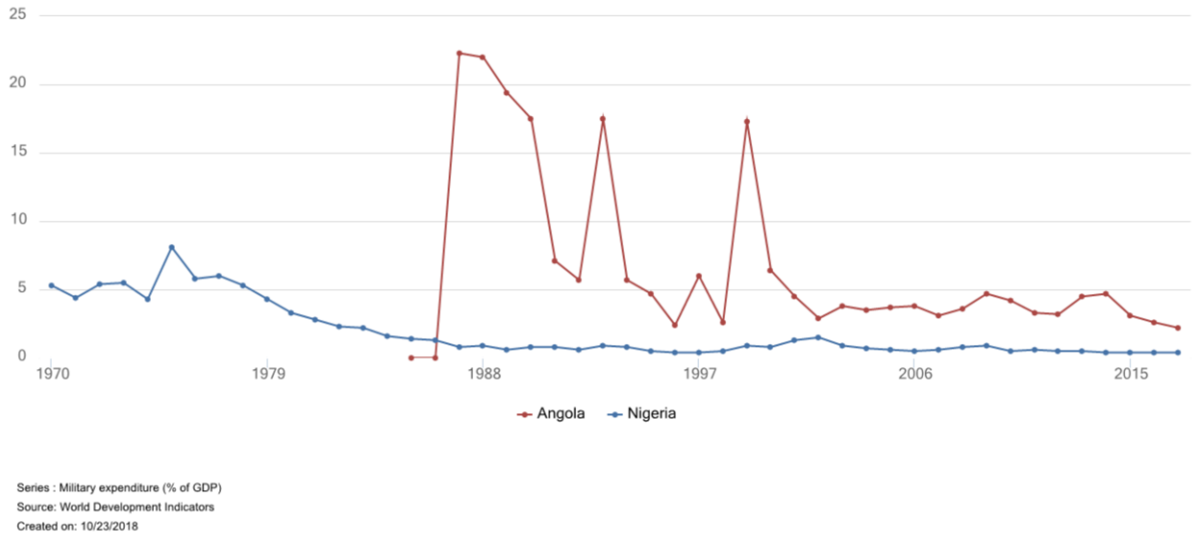

Figure 4.6: Military expenditure as a proportion of GDP in Angola and Nigeria

Source: The World Bank (2018)

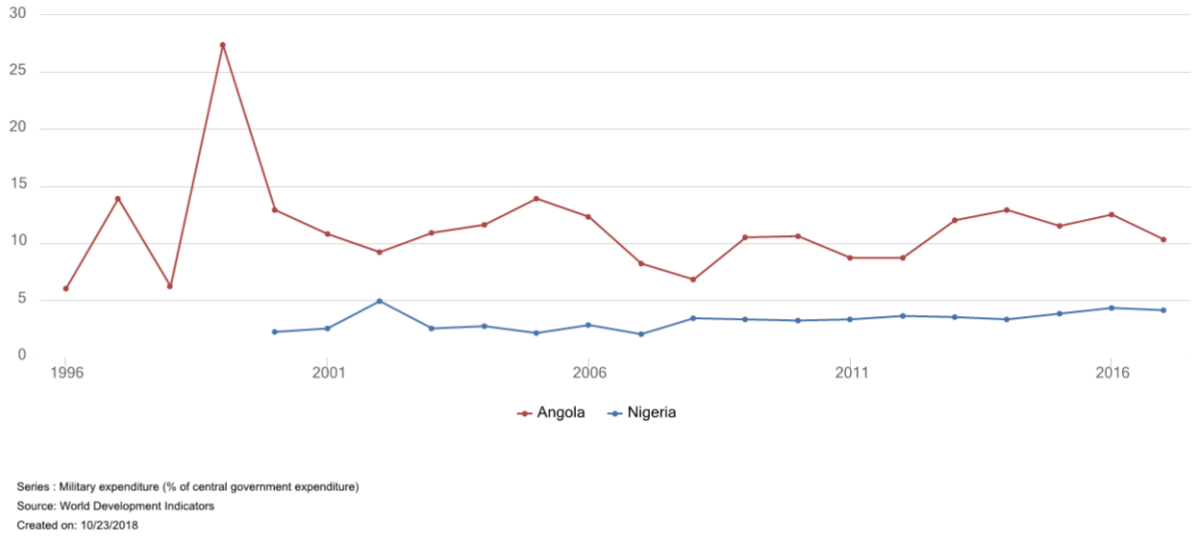

Figure 4.7: Military expenditure as a proportion of central government expenditure in Angola and Nigeria

Source: The World Bank (2018)

Wright, Frantz and Geddes (2013:289) write that "oil income increases spending on the military, suggesting one avenue through which oil wealth helps autocratic regimes to survive… Increasing oil rents stabilise dictatorships by suppressing challenges from future autocrats, rather than by quelling democratic opposition movements". In other words, Wright, Frantz and

Geddes (2013) see increased military expenditure as positive for dictatorial aspiration, as it helps to eliminate competitors. This fits the Angolan but not the Nigerian case. As the application of a game theoretic model shows, oil rents – and the ruler's ability to spend it on expanding the military – only exacerbated the path-dependent political trajectories that both countries were already on. The relative competence of Sonangol as the primary oil lever was engineered by dos Santos. No aspirant Nigerian ruler was able to engineer the NNPC in similar ways. Had Angola's oil been onshore, it may have posed greater difficulties for dos Santos, as UNITA (and other rebel groups) may have been more able to wrest control of it away from the MPLA. However, the mechanism would still have been different to that suggested by Nordvik (2014).

A more promising story may be that because Angola's military was an extension of the MPLA, already politicised through the armed struggle against colonial rule, it posed little threat to dos Santos. Its soldiers would also have been acutely aware of the fate meted out to their dissenting counterparts who had supported Alves in 1977. Nigeria's military, to the contrary, was relatively professionalised and independent from any ruling political party immediately post-independence (Dent, 1978; Luckham, 1994; Siollun, 2013, 2009). Moreover, dos Santos maintained the Portuguese secret police and intelligence structures, whereas these institutions seemed relatively unimportant to any Nigerian leader until Ibrahim Babangida's rule. This is a narrative predominantly about authoritarian power-sharing, not the geographic location of oil or instability caused by ethnic fragmentation in oil-wealthy contexts.

Fifth, dos Santos used political institutions to give the appearance of power-sharing within the ruling coalition. He employed them as instruments of co-optation and repression to minimise coup threats. He progressively – and secretly to begin with – decreased the importance of existing MPLA power-sharing structures and created new ones to acquire more power for himself. He completed most of these steps in the early 1980s, as his position in the party was still contested when he came to power in 1979. By the end of the Cold War, he had consolidated power so successfully that nobody inside the ruling coalition could realistically attempt a coup.

In short, dos Santos was able to use oil rents to sustain a hegemonic authoritarianism. Sonangol became the de facto state, the primary vehicle through which dos Santos distributed rents and controlled the army, police and intelligence forces to sustain an elite bargain (Hodges, 2004; Mabeko-Tali, 2004; Messiant, 2001; Soares de Oliveira, 2015). Many aspirant rulers have had stable access to oil rents and yet not managed to use them to establish uncontested autocracy. Dos Santos acquired more power through the careful construction of certain political structures and the dismantling of others, using oil rents to neutralise threats within his ruling coalition. While secretive in the beginning to avoid the risk of detection, he could afford to signal his intentions more explicitly with each successive round of power consolidation. Increasingly, he could be assured that his ruling coalition would not consider a coup to be worth the risk.

4.5 Historical overview and the formation of the main political parties

In 2002, Jonas Savimbi died and with him his UNITA rebellion that had kept the civil war alive for 27 years. Despite the ‘Angola starts now’ refrain, 2002 was hardly Angola’s “zero hour” (Soares de Oliveira, 2015). Angola cannot be well understood in isolation from a history of violence that long preceded the 1961 uprising.

In 1483, Diogo Cão – preeminent Portuguese explorer – “dropped anchor in the Congo River estuary and inaugurated a prolonged history of Portuguese penetration into sub-Equatorial Africa” (Marcum, 1969:1). Portugal’s ambitions were checked by bigger colonial powers in the Berlin Conference partitioning of 1884-5. It nonetheless managed to acquire Angola, Mozambique and Guinea, amounting to a land mass 22 times the size of Portugal itself. But, "the fact remained that effective occupation was limited to the coast and some adjoining plateau areas, and, in spite of more than 300 years of involvement in Angola, Portugal probably controlled less than one tenth of the territory within the colony's official borders" (Marcum, 1969:3) by the late 1800s. African resistance to Portugal's attempted advances remained formidable until shortly after the First World War.

Salazar came to power in Portugal in 1926. Under his rule, and a 'Native Statute' of 1926, a 'non-civilised' subject in Angola suffered discrimination and had to pay a poll tax. It was unsurprising that nationalism took root. Five centuries after Diogo Cão's first contact with the Kongo kingdom, African nationalists were demanding a restoration of that kingdom. As late as 1961, however, Salazar was unprepared to make concessions despite a wave of independence rolling across the continent. This lack of willingness to cede power was underpinned by his belief that Angolan subjects were not yet sufficiently civilised. As Marcum (1969:8) quipped: "If it took centuries to produce Salazar's fully civilized man, it took a much shorter time to produce a host of consciously unassimilated and rebellious African nationalists".

Superficially, Angola was relatively peaceable, drawing external observations as late as 1956 that nationalistic tendencies were absent. African nationalism had, however, become a serious challenge to colonial rule by the late 1950s. It had its roots in three distinct thought streams, which resulted in political clustering "on the basis of strictly precolonial ethnic and regional origins" (Marcum, 1969:10). The first stream was Luanda-Mbundu, which had a predominantly urban, elite leadership. The second was Bakongo. The third was a combination of Ovimbundu and Chokwe. The latter two were predominantly rural with an orientation towards the peasantry. Each gave rise to a major nationalist movement.

From the first stream, the MPLA emerged ascendant. Early in 1956, the leaders of the *Partido Communista de Angola* (PCA), an extension of the Portuguese Communist Party, formed a new party with leaders of the *Partido da Luta dos Africanos de Angola* (PLUA). As control over the proliferation of small nationalist groups became increasingly difficult, the young Marxists of the PCA, along with the leaders of PLUA and other patriots, formed the MPLA in December 1956. This version of events is relatively well-established (Marcum, 1969:28), although some evidence exists that it did not become a formal party until at least 1962 (Guimaraes, 1992). The MPLA manifesto called for the overthrow of Portuguese rule and the establishment of an independent Angolan state. Through a revolutionary struggle, it envisaged a democratic coalition ruling the country that consisted of a broad church of society transcending ethnicity and religious identities. The leadership sought to set aside philosophical differences for the sake of establishing a united anti-imperial front (Guimaraes, 1992).

A major obstacle to forging such a front against Portuguese rule was the efficacy of the Portuguese secret police, the *Polícia Internacional e de Defesa do Estado* (PIDE), which carried out a series of arrests (Marcum, 1969:31) of anyone suspected of subversive activity. As police action intensified, so did the resolve to take up arms and overthrow the regime by force.

In May 1959, Ilidio Tomé Alves Machado – the first leader of the MPLA – was arrested. His colleague, Viriato da Cruz, a founding member of the MPLA and its first secretary-general (1956-1962), managed to escape. Identified by the PIDE for his political activities in Luanda, da Cruz fled to Portugal and then France, where he teamed up with Andrade and "other mulatto intellectuals such as Lúcio Lara, the son of a wealthy sugar plantation owner. Together they formed the active nucleus of the MPLA leadership in exile" (Marcum, 1969:42).

Dr Agostinho Neto helped to establish, and then led, the Angolan nationalist movement in exile in Lisbon. Shortly after his return to Luanda in June 1960, he was arrested in front of his family, flogged and imprisoned for expressing his views that to be Angolan was to be subject to forced labour. A few weeks later, a thousand villagers arrived to demonstrate. Portuguese troops opened fire on them with Sten guns, killing 30 and injuring over 200. Historian Basil Davidson (1961) records that on the following day, these soldiers went to the villages of Icolo and Bengo and killed or arrested everyone who was found in the two villages, which were then set on fire.

"With their authority to arrest and imprison anyone without charges for consecutive and indefinitely renewable blocks of time, the PIDE were becoming the real core of political power in Angola" (Marcum, 1969:36). The arrests of key figures and the establishment of fear as a ruling device devastated the MPLA, though it would later replicate these devices itself. The party also faced internal difficulties and by its own admission was unable to transcend its urban origins and appeal. It could not provide effective domestic resistance, and therefore had to create a movement in exile.

In January 1960, the MPLA leaders attempted to persuade Holden Roberto, the leader of a rival movement, the *União das Populações doe Angola* (UPA), to form a collaborative front. Roberto rejected the offer despite being pressured by Ghanaian political leaders to do so.

Roberto represented the second stream that Marcum identifies, with Bakongo origins. The UPA described itself as an organisation for all Africans originally from Angola, aimed at installing a democratic regime within an independent Angola (Marcum, 1969:67). Influenced by Algerian writer Frantz Fanon, Roberto was convinced that liberation without bloodshed was impossible. By 1961, Marcum records that 'the UPA [had] moved away from nonviolence and, like its principal rival the MPLA, opted in favour of a policy of "direct," meaning military, action. And military action it was to be – though sooner and on a larger scale than any of these parties anticipated at the end of 1960' (Marcum, 1969:100).

The third stream of Ovimbundu and Chokwe nationalism gave rise to UNITA. It was only formed in 1966, however, after Jonas Savimbi split from the *Frente Nacional de Libertação de Angola* (FNLA). The FNLA had been established by the UPA in 1962 in exile to wage guerrilla warfare in north-western Angola (Hodges, 2004:8). Despite being the largest ethnic group, the Ovimbundu had not been mobilised to any significant degree by the FNLA or the MPLA and its own movements failed to build momentum. They had a limited role in the 1961 rebellion. It was only after the formation of UNITA that the Ovimbundu were politically mobilised on a large scale. Savimbi exercised extreme control over his subjects.

> Commentators often attributed UNITA's rigid mind control, the total obedience of its members to *O Mais Velho* (The Eldest One), as Savimbi was known, to the movement's early links to China. Savimbi and several of his top commanders received their initial military training, as well as weapons, from China in the 1960s (Maier, 2007:37).

China became increasingly internally focused, however, and its global influence diminished until its re-emergence around 1995.

Despite the prevalence of the PIDE, small nationalist organisations proliferated. They were mostly divided against each other, sometimes cooperating but not for long. Nonetheless, rebellion was foreseeable. The injustice of colonial society fomented the disintegration of traditional society, which "led to widespread disorientation, despair, and repression, and to preparations for violent protest" (Marcum, 1969:120).

4.6 The anti-colonial revolution: 1961 to 1975

By the beginning of 1961, Angola was in economic recession, precipitated by a fall in the global coffee price. Coffee had generated prosperity for the European settlers and employment for local Angolans in the north. Prior to large oil rents, it was the mainstay of the economy. The price collapsed in 1959 to 1960 – from $20 a sack to $5. This slump, combined with a poor cotton harvest in Malange, generated a wave of unemployment and wage cuts that coincided with large number of graduated youths searching for work (Marcum, 1969:124).

Dramatic action, on 4 February 1961, came in the form of several hundred local youths armed with knives and clubs attacking Luanda's main political prison. "Several incipient political pressure groups of exiles claimed to have planned the outbreak of violence" (Birmingham, 2015:1399). Soares de Oliveira (2015:220 note 28) records that while the political ownership of the uprising remains contested, "[a]n Angolan clergyman, Manuel das Neves, who acted without coordinating with the nascent MPLA, is now seen as the key organiser of the Luanda uprising". The MPLA amounted – at the time – to "little more than a few exiled cadres without the sustained contact with Luanda needed to engineer this uprising" (Soares de Oliveira, 2015:10).

The casualty count of the 4 February attacks were seven Portuguese police killed and forty Angolans gunned down. No prisoners were freed. Five days later, a raid on a Luanda prison resulted in seven deaths and seventeen wounded (Marcum, 1969:129). Marcum (1969) writes that the full dimensions of the revenge massacre executed by the Portuguese will never be known. This upheaval thrust Angola into a “protracted state of rebellion” (Marcum, 1969:130).

The UPA sent guerrillas in from the Congo to attack coffee plantations across the northwest of Angola. They killed hundreds of settlers, “ten times more than all the Europeans who had been killed in the Mau Mau uprising in Kenya” (Birmingham, 2015:1421). They also “slaughtered several thousand Ovimbundu workers and other African employees” (Soares de Oliveira, 2015:10).

Beyond the 1961 uprisings, the anti-colonial war itself proved uneventful. “Within a few years, war had reached a virtual stalemate in the heartlands of Angola” (Soares de Oliveira, 2015:10). Low-level insurgencies by the UPA/FNLA and the MPLA advanced, but with limited success.

On Christmas day in 1966, hundreds of men launched an attack on Luau, a town near the Congolese border. Though easily repulsed, it marked the visible emergence of UNITA (Soares de Oliveira, 2015:10). Savimbi became the third prominent leader in Angola’s internally divided war against Portugal. Upon attracting the attention of the PIDE while studying medicine in Lisbon in the late 1950s, he fled for France with the help of the French communist party. Savimbi joined the youth wing of the MPLA in the early 1960s but then switched allegiance to the UPA/FNLA, but quibbled with the leadership and ironically accused them of being CIA agents (Brittain, 2002). He started his own movement in 1964.

Savimbi's ambitions to become the future leader of Angola led him into a Faustian bargain[13] with the Portuguese. He made secret contact with the Portuguese military in the early 1970s and appears to have agreed to disrupt the MPLA's cause (Brittain, 2002). Consequently, UNITA became more involved in fighting its rival MPLA than in posing a challenge to the Portuguese occupiers. In 1974, when this information emerged from the PIDE archives, Savimbi's credibility as an African nationalist was severely undermined. Birmingham (2015) writes that these archives had better material than the three main guerrilla movements themselves, as the PIDE kept a meticulous paper trail of evolving rebel aspirations. He also confirms that Savimbi had sought an alliance with disaffected Portuguese troops in the deepest east of the country.

Salazar's war strategy for containing Angolan nationalism was primarily economic. The military efforts had to be funded, and a minor industrialisation strategy led to the drilling of the first oil well off the coast of Cabinda in 1963. The oil rents funded Salazar's repression in Portugal, as they would do for José Eduardo dos Santos years later in Angola (Birmingham, 2015).

Salazar's sudden death in office in 1970 precipitated the end of Portuguese rule in Angola. He had ruled Portugal and its colonies for 40 years. Marcello Caetano succeeded Salazar and continued in the same imperialist vein, though the party was increasingly in disarray. In Angola, the MPLA became increasingly fractured too. Violent rivalry broke out along ethnic, ideological and class lines, and two rebel factions split from the party. The 'eastern rebellion' formed alliances with rival groups. The 'active rebellion' adopted its own ideological agenda

[13] A Faustian bargain describes a compromised transaction, named after a legendary character named Faust (invented by Dante) who traded his soul to the devil in exchange for knowledge.

with intellectuals who despaired of progress under Neto. Soviet support for the party dissipated because of the factionalism.

An unexpected variable entered the equation on 25 April 1974. “Angola’s politicians were as surprised as those of Portugal when the Lisbon government was overthrown without a shot being fired” (Birmingham, 2015:1562). Junior military officers staged the coup and sent Caetano to exile in Brazil (Marcum, 1978:241). The Portuguese coup changed everything in Angola. Exiles began to arrive in Luanda to negotiate deals with their rivals. The Soviet Union sent weapons. Cuban troops were placed on standby. An interim government was established in January 1975. It consisted of the Portuguese and the three main nationalist parties – the UPA/FNLA, the MPLA and UNITA.

4.7 Civil war, an attempted coup, and the rise of José Eduardo dos Santos: 1975 to 1979

The *Alvor Accords* between Portugal and the three rival nationalist movements established an in interim government in January 1975, but they quickly proved unable to work together (Hodges, 2004:8). “Rarely had the political heirs in any African colony been more faction-ridden than those who took up the reins of power in Angola” (Birmingham, 2015:1671). The political elite were unable to strike a rent-sharing bargain. Within days of the Accords having been signed, the country slid into chaos (Soares de Oliveira, 2015).

Civil war followed, as each group tried to gain supremacy ahead of independence that had been scheduled for November. By the middle of 1975, approximately 300,000 Portuguese settlers had fled (Hodges, 2004). This new war was exacerbated by foreign intervention, animated by Cold War rivalries and South Africa’s determination to halt the southward advance of African nationalism. Rivalry led to conflict "and the first salvoes of a fratricidal war were fired in July 1975" (Birmingham, 2015:1597). The MPLA initially managed to drive the UPA/FNLA and UNITA out of Luanda, leaving it in control of the state. South Africa invaded the country from the south in August, in support of UNITA, while the Zairean (Congolese) army invaded in the north in support of the UPA/FNLA (Hodges, 2004).

In response to the South African invasion, Cuba sent thousands of troops to Angola. From October 1975, the Cubans helped the MPLA to advance its war efforts, though their joint forces never gained territorial control over large rural areas. These remained firmly in UNITA's grasp until 2002. US intervention stalled following the passage of the *Clark Amendment*, which prohibited support for any Angolan factions. The US had fared poorly in Vietnam and public support for external anti-communist activity was at an all-time low. This left South Africa unsupported and thus having to retreat (Birmingham, 2015; Hodges, 2004) by early 1976.

On 10 November 1975, as the MPLA prepared to celebrate the arrival of independence that was expected the following day, the battle for Luanda started. The city was being bombarded by Congolese guns in the north while Cuban guns, partly staffed by the MPLA, kept South Africa's expeditionary force at bay. After celebrating independence on the 11th, the MPLA started to attack its rivals. Cuban reinforcements arrived, numbering some 10,000 men with long-range guns and armoured personnel carriers. By early 1976, US intelligence estimated that its contribution of $30 million to arm UNITA and the FNLA was dwarfed by a Russian grant of $400 million to arm the MPLA and its Cuban allies (Birmingham, 2015:1646).

In addition to support from Cuba and the Soviet Union, oil revenues kept the MPLA in the ascendancy during the war. The oil wells were costly to protect, however, and were being threatened by a Cabinda separatist movement, sponsored by Congo. While the Luanda government was trying to protect its control over oil rents and keep UNITA at bay, it neglected its Luanda constituency and failed to address growing internal dissent.

On 27 May 1977, Nito Alves spearheaded an attempted *coup d'état* to overthrow Neto's government. Svolik (2009, 2012) presents coups as attempts to deter an aspirant autocrat's opportunism to acquire more power. The model shows that coups are costly and may fail unless certain conditions are met. Alves and his allies had imperfect information about Neto's actions, and the probability of success therefore appeared dubitable from the outset.

Alves and Neto had together forged an alliance in 1974 against the Active and Eastern Revolts that had threatened to tear the MPLA apart (Guimaraes, 1992:61 fn 72), which catapulted Neto into a position of firm control over the party. Alves became the Minister of Internal Administration. It was therefore surprising that he launched a coup against his former ally. The Political Bureau of the MPLA, by 1977, was a tightly-knit ten-member unit loyal to Neto. Its members were Agostinho Neto, Lopo do Nascimento, Lúcio Lara, Carlos Rocha, José Eduardo dos Santos, Joaquim Kapango, Rodrigues João Lopes, Pedro Maria Tonha, Jacob Caetano João (Monstro Imortal) and Henrique Teles (Iko) Carreira (Marcum, 1978:252; Guimaraes, 1992). Neto likely viewed Alves as an overly competent vizier that would prove treasonous, and therefore excluded him from this inner circle.

While enjoying the spoils of affluence abandoned by the Portuguese, the new elite failed to apprehend the internal signals of discontent. Alves grew disenchanted with Neto's leadership and inspired rebellion in partnership with José Van Dunem, the Political Commissar of the Joint Chiefs of Staff during 1975.

Six MPLA notables most hostile to the Alves group were murdered by the 9th brigade (Birmingham, 1978). The coup plotters expected support from the Soviets, who were slow to respond. While the Russians prevaricated, the Cubans decided to back Neto: "Coup leaders were caught and indiscriminately killed. Their radical sympathisers were terrified into submission" (Birmingham, 2015:1749). Coup survivors used security forces to repress any further expressions of thought independence. Far from disbanding the much-hated PIDE, the MPLA coup survivors used the newly formed security and secret police forces under the Directorate of Intelligence and Security, or *Direção de Informação e Segurança de Angola* (DISA) to carry out this repression. DISA was housed under the Ministry of the Interior, headed by José Eduardo dos Santos. The number of people murdered in retaliation for the coup attempt remains unknown, with estimates sometimes ranging as high as 80,000 (Darch, 2014; Pawson, 2014). It seems that the true figure is likely closer to 30,000 (Saul, 2014:609 fn 8).

The coup attempt was a critical juncture, providing a pretext on which Neto and his inner circle could cement power and eliminate internal opposition. The MPLA response created pervasive fear among the citizenry. Anyone voicing a challenge to the state was liable to being charged with *fractionismo* - factionalism. According to Hodges (2004:50 fn 3), "the full truth of what happened at that time may never be known". It is likely that the intelligentsia were singled out – a substantial proportion of Angolans with a university education were killed or imprisoned. Nito Alves himself was executed. "The witch-hunt atmosphere triggered by these events led to large numbers of presumed MPLA dissidents being arrested and, in some cases, executed, often on the basis of hear-say or suspicion about their loyalties" (Hodges, 2004:50 fn 3). No legal proceedings were enacted against the orchestrators of the *chamado golpe* (attempted coup), and there was no public process to deal with the massacre that followed. This despite the formation of an official investigation tribunal. The tribunal was chaired by José Eduardo dos Santos, "one of the key figures at the top of the MPLA hierarchy at the time" (Saul, 2014:612).

After the coup attempt, the MPLA re-modelled itself as a Marxist-Leninist 'vanguard party' – the MPLA-*Partido do Trabalho* (MPLA-PT) (Hodges, 2004) at its November 1977 Congress. On September 10 1979, the 'old man' (aged only 56) of Angolan politics died from cancer in a Moscow hospital (Birmingham, 2015).[14] José Eduardo dos Santos, one of Neto's closest collaborators, was unanimously selected by the MPLA's Central Committee to succeed Neto (Hodges, 2004:50).

Alex Vines (2016:1231), reflecting on Dos Santos' relatively long tenure, writes that he showed:

> remarkable resilience and has developed, over four decades, a neo-patrimonial system which cleverly rotates those with influence or who obtain favour. Over time, dos Santos has increasingly centralised power to himself; Angola became and remains a presidential state in which power mostly emanates from the palace.

This begs the question of exactly how he managed to shift the balance of power in his favour and away from his ruling coalition. Answering this question elucidates why the oil curse manifests heterogeneously in otherwise similar countries – why some rulers in oil-rich contexts last for only months while others endure for decades.

Acemoglu, Robinson and Verdier (2004:163) write that kleptocracy "emerges in weakly institutionalised polities, where formal institutions neither place significant restrictions on

[14] Some suspect that he was killed by the Russians during surgery (Soares de Oliveira, 2015:22 Note 63). I mention this only because the question of how autocrats leave office is important for understanding the relative achievement of dictatorship. Most aspirants are removed by a coup. Those who die in office often do so from 'natural causes.'

politicians' actions nor make them accountable to citizens". Standard presumptions in political science and economics research are that rulers make choices within institutionalised polities, subject to constraints imposed by devices such as constitutions, a legislature, a judiciary and elections. By contrast, in autocracies characterised largely by informal institutions, these devices may be present, but are simply tools to be subverted for further consolidation of authoritarian power (Svolik, 2012). "Perhaps the most puzzling feature of kleptocracies… is their longevity, despite the disastrous policies pursued by the rulers" (Acemoglu, Robinson & Verdier, 2004:163). Indeed, Dos Santos is among the longest-ruling African leaders. After gaining ascendancy within the MPLA, he ruled for 38 years as president before being ousted internally in 2017, a highly unusual departure for an established autocrat.

4.8 A 'first-cut' empirical application of the model: 1976 to 2002

The application of the model traces Angola's evolution from an oligarchy to an autocracy – the rise of dos Santos' power from a privileged position within the ruling coalition under Neto to becoming the dictator himself. I follow three main themes:

First, I examine how dos Santos gained ascendancy within the ruling coalition to succeed Neto and progressively neutralised the potential *ex ante* threat from those within the ruling coalition that were opposed to him. Second, I explain how he gained control over the oil rents. Third, I show he established a shadow state through a web of Sonangol subsidiaries that rendered existing power-sharing institutions obsolete.

4.8.1 Early ascendancy and elimination of potential viziers

Dos Santos was born in Luanda in 1942. He joined the MPLA in Brazzaville in 1962 and spent most of the anti-colonial war in exile, obtaining a Petroleum Engineering degree in Moscow. Lúcio Lara, the party's secretary-general who had been targeted in the coup but survived, was instrumental in dos Santos' succession to the presidency (Soares de Oliveira, 2015). He was also part of the central core that established the MPLA and supported Neto after two other founding members had been crowded out – Mário de Andrade and Viriato da Cruz.

The coup attempt of 1977 "finally enabled President Neto to eliminate his rivals and achieve uncontested supremacy within the MPLA" (Hodges, 2004:50). Dos Santos had been instrumental. He was the Minister of the Interior, closest to Neto, and in the Political Bureau's top-ten.

The violence of the post-coup crackdown "instilled a mood of fear that endured until the 1990s, deterring Angolans from dissent and instilling a culture of conformism, dependence on the state and lack of initiative" (Hodges, 2004:50).

In 1980, dos Santos established the *Assembleia do Povo* (People's Assembly), a type of legislature, to replace the *Conselho da Revolucao* (Council of the Revolution) that had been the supreme organ of state until then. The assembly was elected indirectly in a one-party framework and played no substantive role of exercising oversight of the executive. Dos Santos used this institution to provide an appearance of power-sharing within the ruling coalition. Svolik (2012:3244) notes that dictatorships with a legislature indeed have longer-lived ruling coalition spells", and "dictators with parties and legislatures will be less likely to lose office by non-constitutional means, especially by a coup d'état". Dictatorships without a legislature are more than twice as likely to be removed through a coup, a transition to democracy, a popular uprising or an assassination, than leaders with a legislature (Svolik, 2012:3244).

Following the establishment of the assembly, despite the 'rectification' of 1977, a remnant of pre-Neto MPLA pluralism emerged. There were no formalised factions, but loose coalitions competed for influence. According to Hodges (2004), the more doctrinaire Marxists started to lose influence in the early 1980s. Many of them were *mestiços*, including Lúcio Lara and Henriques 'Iko' Carreira, who had been key members of the Political Bureau, loyal to Neto (Guimaraes, 1992:61). Lara, the son of an African mother and a Portuguese father (Brinkman, 2004:154), had been second in charge to Neto since independence and was the Bureau's secretary until his removal in 1985. Lara had been accused by Nito Alves (shortly prior to the coup) of being a 'social democrat Maoist', bent on moving Angola to the right (Fauvet, 1977:97). By most other members of the MPLA, he was considered the party's principal ideologue and a true Marxist (Guimaraes, 1992:468). Carreira was the defence minister from 1975 to 1980 (Guimaraes, 1992:492). Carreira and Lara had been "marked for definite physical liquidation" (Fauvet, 1977:95) in the 1977 coup.

One member of the Alves coalition (José Júlio) told Pawson in 2007 that Carreira and Lara were the prime targets because neither were considered to be "genuine Angolans" (Pawson, 2007:12) and were suspected of indoctrinating Neto, using him as a black figurehead, and manipulating him to sign important documents whilst drunk. Allegedly they also struck a secret oil deal with the Americans without the knowledge of the Central Committee (Pawson, 2014). These details help to explain why Lara and Carreira became targets of elimination for dos Santos as he consolidated his own power. Carreira was relieved of his post as defence minister on 10 February 1980 and replaced two days later by Pedro Maria Tonha Pedale. Dos Santos waited five years before dropping Lara from the Bureau, which proved to be the switching point in the evolution from contested to established autocracy.

The post-independence constitution vested extensive powers in the presidency, combining his role as head of the party, president of the country and commander-in-chief of the armed forces. Dos Santos used this formal office to leverage the growing external threat from UNITA and South Africa for personal power accumulation. Hodges (2004:53) writes that

> the external threats provided an opportunity for dos Santos, who still faced some residual factional problems within the party (in particular an underlying current of suspicion from the group around Lúcio Lara), to introduce institutional changes that greatly strengthened his position at the expense of the party leadership bodies.

In December 1982, the Central Committee granted the head of state special powers to address external security threats. Seven months later, a further decree empowered the president to appoint regional military councils directly answerable to himself, and had sweeping powers in economic, political and military affairs. This further intertwined the military in public administration. In 1984, the Committee established a Defence and Security Council, chaired by the president. It comprised the ministers of defence, state security, the interior, planning and provincial coordination, and the armed forces chief of staff. This council became an inner cabinet, supervising the whole government. It effectively eclipsed the Political Bureau as the country's top decision-making body.

In 1985, before the second party congress in December, dos Santos had Lara dropped from the Political Bureau (Brittain, 2016). Both Lara and Carreira had proved loyal to dos Santos and were instrumental in creating the conditions of fear under which dos Santos increased his power. However, misgivings among nationalists about their *mestiço* status had not dissipated from the party. Members of the ruling coalition close to Lara and Carreira were suspicious of dos Santos. Dos Santos would have known it, not least because Lara's wife and son had been involved in staging a play at dos Santos' birthday celebration in August 1982 that satirically and publicly mocked the 'Afro-nationalists' within the party (Hodges, 2004:52 fn 4). The director of the play was sentenced to 18 months in prison for his efforts.

Gerald Bender (2016), a prominent historian of Angola, writes that he could never convince Lúcio Lara to discuss "his removal from the Central Committee[15] in 1985. It has also been difficult to get any of the members of the MPLA politburo to discuss it" (Bender, 2016). Dos Santos never explained Lara's removal. Two rumours thus abounded at the time. The first was that dos Santos felt threatened by Lara, who was acclaimed as an MPLA stalwart. The second was that the Soviets, who did not trust Lara, urged dos Santos to remove him. Bender (2016) speculates that the first rumour is most likely true, although his reasons are not convincing – that dos Santos did not speak to Lara after 1985 or speak at his funeral is not evidence that he purged him because he saw him as a threat. It is more likely that dos Santos estimated that he required the support of Afro nationalists in the party to accumulate more power to himself. The second rumour could have merit, however, as Lara publicly supported Neto's line of holding to Marxism without being used as mere pawns in what they saw as mere Soviet Imperialism (Guimaraes, 1992), though this appears to have been a secondary consideration.

Fitting the Svolik model, dos Santos considered *mestiços* like Carreira and Lara a liability to his strategy of building greater personal control over the party and growing the party itself – membership had declined from 60,000 to 16,500 between 1975 and 1979. Dos Santos may

[15] He was not actually removed from the Central Committee, only from the inner Bureau. But he later stepped down from the committee and was committed to a "kind of internal exile for the next three decades". See Bender (2016).

have perceived in Lara a potential vizier problem – a competent but treasonous lieutenant. The loyalty-competence trade-off means that to achieve dictatorship, the aspirant must hire a lieutenant that is sufficiently competent to detect threats to the ruler and mitigate them, but at the same time one who is not prone to treason due to his possession of insider knowledge (Egorov and Sonin, 2011). Later on, dos Santos would play musical chairs with his executive to avoid the vizier problem, but in the beginning he replaced Carreira first (1980) and then Lara (1985) with a group "of more nationalistic black Africans, primarily Kimbundu" (Hodges, 2004:51), his own ethnic group. The power of this group was consolidated at the second party congress in December 1985.

4.8.2 Competing explanations

Given the risk of just-so stories (Bates et al., 2000b; Elster, 2000), this theory must be tested against competing explanations. One alternative hypothesis is that the elimination of key ministers and the creation of new structures was mere factionalism. Ruigrok (2010:642) notes, for instance, that the "constant problems of factionalism within the MPLA formed a major obstacle to the establishment of an effective territorial state presence through the assignment of loyal party cadres". Remedial action included "endless restructuring of state bodies" or "the replacement of personnel", but "these measures were not effective enough" (Ruigrok, 2010:642) to overcome the factionalism and win the war sooner.

While factionalism within the MPLA may have allowed UNITA to gain and maintain significant territorial control over the majority of the country's physical surface area, this broad assessment overlooks the way in which dos Santos used the internal restructurings to hide his early strategy of eliminating the key *mestiços* who he considered a threat to his ambitions for dictatorship. Establishing the *Defence and Security Council* strengthened dos Santos by disrupting the balance of power that the ruling coalition had previously maintained through the Political Bureau. Dos Santos loaded both the Political Bureau and the Security and Defence Council with loyalists, satisfying the Svolik proposition that power sharing is decreasing in the ruler's power.

That his loyalists were also of Kimbundu origin may suggest a typical ethnicity hypothesis –in resource-wealthy contexts, weak development and authoritarian outcomes obtain because of ethnic fragmentation. But this amounts to mere description. It does not tell us about the mechanisms for why kleptocracy endures in some resource-wealthy contexts but not in others. Establishing ethnic homogeneity within a ruling clique may be one part of the mixed strategy that an aspirant dictator employs, but this is different to explicitly mobilising political support on pre-existing ethnic grounds. Svolik (2012:1946–1950) notes that an important step in Saddam Hussein's rise in power

> was the gradual elimination of the Baath Party's independent institutional influence on the regime via the appointment of individuals from Tikrit – his place of origin – into key positions in the bureaucracy. In the late 1970s, the entrenchment of the Tikritis in the government reached such major proportions that Hussein felt the need to conceal it from public view by abolishing family names denoting place of origin.

In addition to his loyalty-building efforts, dos Santos began to craft a personality cult, with the Second Party Congress adopting a thesis that eulogized him as consistent, honest, humble, intelligent and authoritative. Christine Messiant (cited in Hodges, 2004:54), wrote in the early 1990s that

> while the military have entered in high numbers into the party-State structures, power has progressively concentrated around the presidency, and the president has been able, although

> lacking any other social base than the party-State, to impose himself by playing between the various party-State factions.

This inadvertently raises the question of how dos Santos managed to mitigate the inherent threat to his rule posed by an expanding military - Nordvik's (2014) proposed mechanism for explaining coups but that Wright, Frantz and Geddes (2013) argue reduce coup risks from competing future autocrats. While it may seem puzzling that the *Forças Armadas Populares de Libertação de Angola* (FAPLA) (the army) never posed a direct threat to dos Santos during the 1980s, dos Santos kept the military preoccupied with military pursuits and constantly publicising the external threat. The South Africans and UNITA were well-resourced, which legitimised dos Santos's cause. Moreover, the "efficient security services, developed with East German assistance, were doubtless another dissuasive factor" (Hodges, 2004:54). FAPLA was also an extension of the MPLA. This is not to argue that it was homogeneous and necessarily loyal to dos Santos, but it was birthed in MPLA politics, making it fundamentally different to the Nigerian military, which was established as a relatively professional and independent arm of the ruling coalition during the transition from colonialism to independence.

Following Svolik's (2009) game tree (figure 3.1), Lara's removal in 1985 signalled diversion with a high probability. Given Lara's instrumental role in forming the MPLA and bringing dos Santos to power, dos Santos was unable to eliminate him before 1985. Had he done so without having accumulated enough power among the anti-Lara faction first, the transparent signal may have precipitated a coup. By 1985, no pro-Lara members of the ruling coalition plotted or launched a coup, causing dos Santos' power and payoff to grow from b to $b + \mu b$. Most of his prior actions were only imperfectly observable. Dos Santos had acquired sufficient power in secret through institutional manoeuvring that by the time he eliminated Lara, any coup threat lacked *ex-ante* credibility. According to the model, this is the stage at which $b > \epsilon$, and the probability of a coup's success was so unlikely that the ruling coalition would not have staged one even though it was perfectly obvious that dos Santos had diverted. He produced the equilibrium of $\beta_H^* = \beta_L^* = 0$, an unlikely achievement in the history of aspirant autocrats. Here, nothing deters the aspiring autocrat from diverting and $\alpha^* = 1$, achieving dictatorship, or an *established* autocracy. The probability of successful power sharing declined in dos Santos' power, whereas the probability of a successful diversion increased in b. He acquired an increasing amount of power between 1979 and 1985 while the ruling coalition observed only low signals. By the time he sent the transparent, high signal of eliminating Lara, the probability of a successful coup had all but been eliminated. Eliminating Lara was the switching point at which dos Santos became established as a dictator and his ruling coalition preferred to be at his mercy than to risk staging a coup.

4.8.3 Oil rents

Oil production began in Angola in 1955. By 1973, it had overtaken coffee as the largest export. In mid 1975, the MPLA constituted a National Commission for the Restructuring of the Petroleum Sector under the responsibility of Percy Freudenthal, an Angolan businessman whose family had been close to Neto since the 1950s. Despite the public Marxist rhetoric that the foreign oil companies would be expelled (Soares de Oliveira, 2007), Neto perceived that reliable oil revenue was crucial to sustaining the elite bargain. The commission's first objective was to convince Gulf Oil (now Chevron Texaco) to return to Angola following its 1975 exit. Nigeria's head of state at the time (from 1975 to 1979), General Olusegun Obasanjo, threatened Gulf Oil with a revocation of its Nigerian licence if it boycotted the new Angolan state. Gulf treated the threat as credible. It was also assured that its property rights would be protected. By March 1976, they had paid their outstanding royalties of $200 million to the MPLA.

The *Sociedade Nacional de Combustiveis* (Sonangol) was established in 1976, immediately after independence. It was a reincarnation of the expropriated ANGOL, a subsidiary of SACOR, a Portuguese oil company that was in the process of being nationalised at the time to become Petrogal (Soares de Oliveira, 2007). Sonangol retained ANGOL's competent and knowledgeable staff (Hodges, 2004). Given the importance in the NIE oil-curse literature of the quality of institutions in place at the time of significant oil discovery, this is notable. While Angola clearly succumbed to an oil curse, its primary oil-governance institution – Angol – at the time of commercial oil discovery was functional and competent, though this was clearly not a sufficient condition to produce transparency and accountability or broad-based long-run economic development. For Angola, the nature of its early post-independence political settlement was shaped by oil in ways that were not comparable to the early Nigerian political settlement. This is because the oil price, and therefore the scale of available oil rents, was significantly higher at the time of Angola's independence than it had been at Nigeria's. For Neto and dos Santos, access to oil rents in the context of a divided opposition to Portuguese rule would have shaped their thinking and incentives immeasurably more than their Nigerian counterparts just 14 years earlier. Nigeria's leaders in 1961 could not have foreseen the future magnitude or importance of oil revenues, despite possessing vast quantities of commercially viable oil. This has important implications for the NIE resource curse conclusion – institutions in place at the time of oil discovery matter, but the quantity of available rents from the oil at the same time is also a critical variable for influencing long-run development prospects.

The following chapters demonstrate that Nigeria's NNPC only became a rent-generator for pork-barrel politics after the institutional foundations for the country's volatile political settlement had already been formed. Presumably, had Nigeria crafted better quality oil-governance institutions before 1970, its political evolution may have been less volatile, or at least resource appropriability (Vahabi, 2018) would have mattered in different ways – a more competent and centralised state-owned oil company may have prevented some of the worst effects of onshore oil being more lootable than its offshore equivalents in Angola (Hertog, 2010; Hickey et al., 2015; Hout, 2014). Nonetheless, Nigeria's political settlement was already institutionally unstable before oil became a significant political economy factor. Oil, and the fact that it was onshore rather than offshore, clearly exacerbated this instability though it did not cause it. This is primarily shown in the fact that the Nigerian Civil War was not fought over access to oil.

Internationally orientated from the outset, Sonangol endeavoured to build a reliable reputation among Western oil investors. In the absence of locally available human capital, the firm focused on improving its contractual negotiations with international oil producers, which conducted exploration and production.

> Many influential actors in the government, the party and Sonangol were related by blood ties or by friendship… There was a general perception that the oil sector was a matter of life-or-death, ensuring the viability of the MPLA state and paying for its Cuban protectors (Soares de Oliveira, 2007:601).

However, there was no guarantee that dos Santos would maintain the status quo after Neto's death in 1979, especially with the growing suspicion towards *mestiços* (Angolans of mixed Portuguese and local descent) and whites (such as Freudenthal) within the ruling coalition. The marginalised Finance Ministry was always a critic of Sonangol and its quasi-fiscal operations (the distribution of rents to key internal coalition members). Even the Petroleum Ministry agitated for Sonangol to be brought into the official structures of state decision-making. But dos Santos ensured that Sonangol was ring-fenced and reported to the presidency alone. Though the data is unavailable to corroborate this, dos Santos would have been an integral player in constructing Sonangol as a presidential rent-machine under Neto. He was Neto's second-in-command, a trained petroleum engineer and ruler aspiring to dictatorship.

In the face of the war and an otherwise dysfunctional system of state administration, dos Santos convinced internal detractors that, aside from the core business of oil production, quasi-fiscal operations and the war efforts necessitated Sonangol's exclusion from the formal system. Only Sonangol could be "trusted with missions that were core to the preservation of the state" (Soares de Oliveira, 2015:33). By keeping Sonangol outside the party-state's purview, dos Santos was able to secure a remarkable degree of discretionary power over more than 80 percent of government revenue. "The president's tight grip prevented any disorderly, Nigerian-style bleeding of company resources" (Soares de Oliveira, 2015:33). Dos Santos created a web of Sonangol subsidiaries to run the state while keeping formal structures in place but impotent. The civil service had little power but was nonetheless well-remunerated. It therefore posed little risk to the dos Santos strategy.

Civil war typically diverts resources away from an aspirant ruler's power accumulation efforts, rendering Angola an unlikely candidate for autocratic consolidation. Gaining control over Angola's oil resources was, of course, the ultimate prize of the civil war. "Holding state power would have provided access to resources which generated an annual oil rent averaging $2.1 billion in the second half of the 1990s and more than $4 billion in 2000" (Hodges, 2004:159). But in the early to mid-1980s, oil prices were weak. Dos Santos was patient enough to secure sizeable oil field production to capitalise on any future boom. During the Cold War, he convinced US companies to produce and buy Angolan oil even while the MPLA was being funded by the Soviets and the Cubans, and the US was supporting UNITA. He could also be assured, however, that Savimbi would not attack the oil fields (though there was an isolated

1993 attempt) because of the presence of US workers on the rigs. Any casualties would have eliminated any political goodwill towards Savimbi’s cause in the US and undermined CIA support for UNITA.

Beyond 1985, using the cover of war, dos Santos established a set of oil schemes that funded the MPLA’s war efforts under Cold War conditions and then private oil-for-arms deals thereafter. Sonangol’s business credibility allowed the government to borrow from external banks against future oil production (Soares de Oliveira, 2007). The government was unable to borrow through ordinary means, given its poor credit ratings in international financial markets (Hodges, 2004). Oil-backed borrowing first started in the mid-1980s to fund Sonangol’s cash requirements. It became a blueprint for the oil-for-infrastructure deals that followed later.

With a solid repayment record, new loans became more easily available:

> Loans mostly take place through Special Purpose Vehicles, which are offshore financial tools that allow leaders to benefit from safe repayment structures through oil price protection, debt service reserve accounts and an accelerated repayment mechanism. Oil-backed loans are also syndicated, which further decreases risk for the creditor, and their short maturity of three to five years as well as inordinately high interest rates mean that there is never a lack of lending interest. While extremely onerous for the lender (the Angolan state), oil-backed loans provide the state elite with an easy source of money outside any sort of control (Soares de Oliveira, 2007:607).

“The secret of their success is that the payments are routed through secure offshore structures. This has allowed the president to bypass the inefficiencies of Angola’s traditional budgetary system and turn these loans into unusually effective tools” (Vines et al., 2005:17). Though the terms were onerous, dos Santos deemed them a small price to pay for being able to accumulate power and avoid a deal with the International Monetary Fund (IMF), keeping auditors and conditionality at bay (Le Billon, 2001).

The Sonangol shadow-state system allowed the diversion of a large proportion of revenues outside the approved budget, creating parallel finances not subject to public scrutiny or even senior officials in the Ministry of Finance. Between 1997 and 2002, the IMF estimated that US$4.22 billion had disappeared from state finances, spurring Hodges (2004:142) to call oil revenue disappearance the 'Bermuda Triangle' of the Angolan state. "This has been closely related to the special ways in which the regime has had to use part of the oil rent to secure loans to finance the procurement of military equipment and other imports" (Hodges, 2004:162), which created extensive opportunities for fraud and what came to be known as *Angolagate* – oil-for-arms deals to aid the MPLA's war efforts in the absence of official foreign patrons.

In 1996, Russia converted a $5 billion Angolan debt from the Cold War into a $1.9 billion loan, which it sold at an undisclosed price to a company called Abalone. By 2002, Abalone Investments had received $1.5 billion through a series of oil-guaranteed loans from the Angolan government, even though the original Russian loan had a 15-year maturity and a five-year grace period.

Swiss authorities, alerted to suspicious transactions in 1996, alleged that Abalone Investments had been established as a front company to extort financial resources to the prejudice of the Angolan state and the Russian Federation. Some of the embezzled funds were identified: $4 million went to Joaquim David, president of Sonangol at the time, and $3 million to Jose Leitao da Costa (a senior official in the presidency). Dos Santos and his ambassador, Elisio de Figueiredo, were "very probably the ultimate beneficiaries of $40 million transferred in 1997-

1998 from the Abalone UBS account in Geneva to a bank in Luxembourg" (Hodges, 2004:166).[16]

Minister of the Interior, Fernando da Piedade, admitted that government funds were placed in individuals' bank accounts, but stated that this was common practice in countries facing exceptional circumstances. Angolan authorities refused to provide the IMF with the details of the oil-backed loans raised to pay Abalone. Moves towards transparency in the oil sector in the early 2000s ended abruptly with the signing of oil-backed loans with Chinese credit providers.

Overall, the scale of oil earnings available to the government – and the way in which they were used to purchase arms and distribute rents to members of the ruling coalition – along with the steep decline in UNITA's revenue from diamonds since 1998, created an increasingly large imbalance in their relative military strength. UNITA's access to diamond rents no doubt prolonged the war, but the scale was no match for oil. On average, $985 million a year was spent by the MPLA between 1997 and 2000 on defence and security. The government could only sustain this because, through that same period, 37% of GDP accrued to the state through oil rents. Oil rent gave the government a decisive military edge (Hodges, 2004:161).

Once he had established dictatorship, dos Santos was less constrained in his pursuit of entrenching a kleptocracy. From the mid 1980s onwards, he built an oil rent system that provided him with resources to co-opt opponents and build alliances. "These mechanisms, and the huge scale on which they are practised, give an important fiscal dimension to the highly personalised type of presidential state that developed under dos Santos during the 1990s" (Hodges, 2004:61).

[16] For further details on some of these scandals, see Mailey (2015) and Soares de Oliveira (2007).

4.8.3 Subversion of ‘democratic’ institutions and keeping the military at bay

At its third Party Congress in December 1990, the MPLA formally abandoned Marxism-Leninism. A constitutional revision in 1991 coincided with the *May Bicesse Accords* and declared a democratic state based on the rule of law and respect for human rights. Further laws in April 1992 established a new electoral system and the establishment of private radio stations. The country held its first ever multi-party presidential and parliamentary elections in September 1992. The second round of the presidential elections, required because dos Santos failed to win an absolute majority in the first round, was never held. Savimbi decided to return to war before the round could take place.

Holding elections at all appears to have been a strategic gamble for dos Santos, given that it was widely expected that UNITA would win, even among MPLA members. Why then did he accept the imposition of this particular element of the *Bicesse Accords*?

Messiant (2004:3) called Bicesse a “short and careless interlude” by the international community. Negotiations opened in Portugal in 1990, under the auspices of a Troika composed of Portugal, the USSR and the US (then Cold War victors). It was a US-architected external imposition that was predictably doomed to fail as it was incentive-incompatible with local realities and the distribution of power. “Neither the MPLA nor UNITA were interested in reconciliation or democratization” (Messiant, 2004:3). Dos Santos only accepted the conditions of the accords under international duress. He appeared powerless in the new world order after the Soviet Union’s demise. However, dos Santos would also have been aware of the difficulties associated with forcing two armed groups to hold elections without any transitory political rules being established or the option of a coalition government. UNITA rejected the option of a pre-election coalition too. This may have given dos Santos sufficient confidence that in a zero-sum election game, Savimbi would return to war instead of accepting a narrow loss. Moreover, “all the reins of transitory power and resources of the party-state remained in the hands of the MPLA” (Messiant, 2004:5). UNITA had no real negotiating power other than its military force and the concomitant threat of returning to war.

The MPLA won the vote with 54 percent over UNITA’s 34 percent. Dos Santos, however, only beat Savimbi by 49.7 per cent to 40.7 per cent in the presidential vote. In its desperation to avoid electoral loss, Messiant (2004:5) writes that the party “went on to victory thanks to its access to funds, total control of the administrative apparatus and the state-owned media, the mobilization of legal and illegal resources, and the establishment of a paramilitary force”. Its violations went unpunished. While election postponement would have been ideal in these circumstances, the election date was inexplicably considered untouchable. Despite evidence that the MPLA used military force and that UNITA retaliated, the UN declared the two armies dissolved and labelled the results generally free and fair.

UNITA contested the results as fraudulent and Savimbi returned to war instead of agreeing to a second round of the Presidential vote. “For the MPLA, it was unthinkable to be held back on its journey to victory, or, now that it had national and international legitimacy, to consider any kind of power-sharing” (Messiant, 2004:5). For UNITA, it was equally unthinkable to accept any new terms of agreement proposed by the international community. Dos Santos then used his new legitimacy in the eyes of the world to have sanctions imposed on UNITA by the UN.

By mid 1993, UNITA rejected the *Abidjan Protocol* and the US recognised the Angolan MPLA government, which paved the way for sanctions against UNITA. In October 1993, UNITA publicly communicated that it accepted the validity of the *Bicesse Accords*, which opened the way for talks in Lusaka the following month while the war continued for another year. In November 1994, UNITA signed the *Lusaka Protocol*, but Savimbi sent a representative, signalling his lack of commitment to any democratic transition. UNITA never disarmed, and after four years of "neither peace nor war" (Messiant, 2004:8), the country returned to war in 1998. The 'last war' ended with Savimbi's assassination in 2002.

Svolik (2012) contends that apparently democratic institutions such as legislatures and elections in these types of contexts serve distinctly authoritarian ends. They help dictators resolve the problems of power-sharing and control. Legislatures enhance the stability of authoritarian power-sharing by alleviating commitment and monitoring problems among authoritarian elites. Similarly, parties under dictatorship serve to co-opt the most capable and opportunistic among the masses in order to strengthen the regime.

> These arguments contrast sharply with the tone of existing research, in which discussions of authoritarian institutions are all too often cast in a mould borrowed from the study of democratic politics – as if authoritarian institutions were just less-perfect versions of their democratic counterparts (Svolik, 2012:588–596).

Svolik (2012) concludes that under dictatorship, nominally democratic institutions serve quintessentially authoritarian ends. The remainder of this chapter shows this to be true in Angola.

While it may have appeared an unwise gamble to agree to the 1992 elections, dos Santos required international legitimacy to sustain his rule. *Bicesse* offered him the perfect opportunity to do so, despite the predictions of a UNITA win. Had disarmament and stronger rules been enforced, dos Santos would have been less likely to conform. As it was, he could build the appearance of conformity to new international norms, subverting the newly established institutions to entrench his rule.

Under the new constitution, the Council of Ministers became ambiguously accountable to both the head of state and the National Assembly. The legislature was a rubber stamp for presidential decisions, especially given that UNITA members only took their seats briefly in late 1997 before a return to war in 1998. Further subverting "democratic institutions" (Hodges, 2004:61), dos Santos used the 1991 reforms that allowed the formation of political parties to artificially create and sponsor new parties that would divide the opposition while creating the impression of pluralist diversity.

Hodges (2004:56) writes that dos Santos' "ability to retain this dominant position, despite the protracted economic crisis, the pauperisation of the population and the failure to restore a lasting peace (until the defeat of UNITA in 2002), appears quite remarkable". He argues that the explanation, in part, lies in the strength of the army, aside from the abovementioned weakness in late 1992 and 1993. 1996 data reveals that Angola had the largest military in Africa at 7.2 troops per thousand members of the population. Botswana and Namibia followed with 5.4 troops per thousand members of the population (they are small countries). Nigeria only reached a ratio of 0.7 (Hodges, 2004:73), but it has the largest population. By 1999, the Armed Forces of Angola, *Forças Armadas de Angola* (FAA), were beginning to gain the upper hand over UNITA, due to the growth in the government's oil revenues and a scorched earth tactic.

However, a strong military is often a liability for a dictator, as the Nigerian case will demonstrate. Svolik (2012:523) notes that heavy reliance on the military entails a fundamental moral hazard: "The very resources that enable a regime's repressive agents to suppress its opposition also empower it to act against the regime itself". Once the military becomes indispensable, it acquires political leverage that can be exploited by demanding privileges, perks and policy concessions beyond those necessary for suppressing the regime's opposition. The dictator can become hostage to those on whom he relies for repression:

> This is why the former Tunisian President Zine El Abidine Ben Ali kept his military small and underequipped; why the Iraqi Baath regime disposed of its uniformed accomplices immediately after it came to power in 1968; and why Mao Zedong insisted that the Party must always command the gun (Svolik, 2012:533).

Nevertheless, no autocracy can do away with repression. Political dependence on soldiers may be insurmountable. So how did dos Santos manage the growth of his military and the threat that this growth entailed?

His strategy was twofold. First, following Hussein and Mao's example, he kept FAPLA as an extension of the MPLA and kept them militarily occupied and dependent on his rule for rents. Second, he maintained a highly effective internal security apparatus: The "intelligence services also monitor the activities of the members of the armed forces" (Hodges, 2004:60). In the early 1990s, dos Santos created a paramilitary force independent of the FAA under the aegis of the Interior Ministry called the *Polícia de Intervencão Rápida* (PIR-Rapid Intervention Police) with a view to deterring would-be coup plotters, "in some ways compensating for the departure of Cuban troops, who performed this deterrent role in the late 1970s and the 1980s" (Hodges, 2004:61).

Dos Santos created the credible perception that any attempted coup would be anticipated and detected, strongly disincentivising members of the ruling coalition, especially the military, from staging one. He further reduced the risk by complementing this strategy with the distribution of rents to politically connected insiders. Patronage to the *nomenklatura* (the politically connected insiders required to maintain the double balance of the elite bargain) “in the form of diamond concessions, the granting of land titles and other economic favours, has helped to buy the loyalty of military officers and thwart the risk of a coup” (Hodges, 2004:61). Dos Santos also paid ‘Christmas bonuses’ to civil servants and provincial governors, sometimes as much as $30 000, which would have dwarfed their annual salaries. Thus, while some frustration may have existed among some members of the ruling coalition in the fact that many bureaucratic offices existed in name and salary only, the monetary compensation appeared to more than appease any fleeting desire for rebellion.

4.9 Conclusion

This chapter has revealed that dos Santos’ transition from a contested to an established autocracy is well explained by the Svolik model.

First, he incrementally and carefully diverted from power-sharing arrangements. Within six years of having inherited power from Neto, dos Santos had cemented loyalty within his ruling coalition by purging potential coup-plotters and usurping the importance of existing institutions such as the Political Bureau with the Defence and Security Council. He loaded the latter with loyalists, mostly from his own ethnic group. Signal strength was initially weak, undermining the probability of successful power sharing. By the time dos Santos eliminated Lara, a highly transparent diversionary signal, he had gained sufficient power to prevent a coup attempt.

Second, dos Santos was able to achieve an early consolidation of power at the expense of his ruling coalition through inheriting and cementing his control over the oil resources. He justified the creation of parallel state structures (Sonangol subsidiaries) and a strong, loyal military, under the pretext of having to fund the war effort. It was perceived as legitimate, again constituting a ‘low signal’ that he intended to acquire more personal power at the expense of power-sharing arrangements. The distribution of oil rents maintained the ‘double balance’ at the centre of the elite bargain by funding the complementary strategies of fear and remuneration. He used the combination of the intelligence services and financial rewards to ensure that the military never found it worthwhile to risk a coup. Members of the ruling coalition were strategically kept from building ex-ante credibility for staging a coup.

Third, dos Santos used the opportunity of the end of the Cold War to give the appearance of adopting democratic reforms, which he subsequently subverted to (i) ensure MPLA victory and resultant international legitimacy and (ii) perpetuate his own stranglehold on power, as no members of the ruling coalition were willing to back the MPLA’s prospects without dos Santos at the helm.

For these reasons, the military never became a threat despite its relatively large size, and dos Santos could cement personal power, tilting the balance of power away from his ruling coalition to the point of achieving dictatorship. This point was reached by 1985 with the successful elimination of Lúcio Lara.

By 1993, once the MPLA was recognised by the US as the legitimate governing party and sanctions were imposed on UNITA, dos Santos was a deeply entrenched kleptocrat. UNITA never recovered and despite using its extensive diamond revenues to fund a continuation of war from 1992 to 1993, and again from 1998 to 2002, it was defeated in the end by an internationally supported and oil-wealthy MPLA. For dos Santos, this coincided with him having neutralised potential internal opposition.

The next chapter applies the model to Nigeria, explaining the opposite equilibrium of chronically contested autocracy.

CHAPTER FIVE

NIGERIA AND THE EVOLUTION OF CONTESTED AUTOCRACY

5.1 Introduction

This chapter presents an analytic narrative of Nigeria's political economy from 1960 (independence) to 2003 (the end of Obasanjo's first electoral term). Ethnic fragmentation (Fenske and Zurimendi, 2017; Wegenast and Basedau, 2014); the geographic location of oil (Nordvik, 2014; Nunn and Puga, 2012; Snyder, 2006); the generic oil curse (Sala-i-Martin and Subramanian, 2013); prebendalism (Joseph, 2014, 1987); and class and state structure (Diamond, 1991, 1988) prevail in the literature as salient explanations for Nigeria's relative institutional instability.

I argue that while these factors are important, they do not easily explain the frequency of military coups in Nigeria, a useful proxy for relative institutional instability. Geddes, Frantz and Wright (2014) record that military-led regimes are surprisingly fragile. This seems counterintuitive as these regimes tend to be well organised, disciplined and hierarchical, and are therefore expected to impede challenges from within. However, the empirical evidence shows that incentives to enforce subordinate obedience are insufficient to prevent internal rebellion against the military ruler. Rulers tend to be overthrown "more frequently in military regimes than in other forms of autocracy, and other officers carry out most of these ousters" (Geddes, Frantz & Wright, 2014:148). Indeed, this is true of military rule in Nigeria from 1966 to 1998, interrupted only by a brief spell of civilian rule between 1979 and 1983. Coup frequency and duration of military rule needs to be explained.

I apply Svolik's (2009) model to demonstrate that the persistence of relative institutional instability in Nigeria is an equilibrium outcome that obtains from the lack of an incentive-compatible and durable power-sharing mechanism *within* the ruling coalition. Coup frequency emerged from the inability of any given ruler to acquire sufficient power to disincentivise coup-plotting. The analytic narrative challenges conventional explanations of oil abundance in the presence of ethnic conflict as the primary cause of instability in weakly institutionalised contexts. Oil abundance and ethnic conflict were also present in Angola, with the oil prize catalysing civil war at the moment of independence. Despite those constraints, dos Santos crafted the conditions for kleptocratic endurance. Coup-plotting was effectively disincentivised. No ruler in Nigeria was able to achieve dictatorship by transitioning from a contested to an established autocracy. The chapter is structured as follows:

First, it describes Nigeria's key demographic data, followed by a brief narrative of the major events from 1960 to 2003. Second, it provides a summary of the main findings as a comparative exercise with the previous chapter. Third, it builds a pre-independence historical narrative. Fourth, it applies the Svolik (2009) model to the post-independence historical narrative to analyse and account for factors that alternative hypotheses address inadequately. It concludes with a discussion of the value of the model and the novel insights that emerge from this comparative analytic narrative.

5.2 Geography, ethnicity and demography

Nigeria is home to more than 250 ethnic groups. Fadiran (2015:24) argues that ethnic bias has characterised group interaction in Nigeria since the pre-colonial era:

> In the North, the *Fulani* people were oppressed and excessively taxed by the *Hausa* people. In the South-West, the King of Lagos paid taxes to the King of Benin, to avoid any form of annexation. Similar agreements were formed between the leader of the *Oyo* empire and many *Yoruba* kingdoms scattered across South-West Nigeria.

Today, three major groupings can be identified: *Yorubas, Igbos* and *Hausas*. Islam dominates the *Hausa* population, in which the political system was derived from Islamic law – hierarchical and monarchic. The *Yoruba* kingdom was monarchic, though it had a separate arm of government to constrain the monarch. The *Igbo* practiced a decentralised system of governance. The southern regions came to be dominated by Christianity, whereas Muslim influence has remained strong in the north. "For all this heterogeneity, the North-South divide, based on religion, history and institutions, was the most acute" (Fadiran, 2015:25) and has persisted.

Figure 5.1 below illustrates this ethnic distribution by demography – the larger the population, the larger the lettering of the group's name. Hausa, Yoruba and Igbo are dominant. Overall, the north is more densely populated than the south, though early census results were highly contested as they influenced the composition of the ruling federation. Figure 5.2 shows the current state boundaries. Figure 5.3 shows a simplified version of Figure 5.1 with ethnicity demarcated in italics.

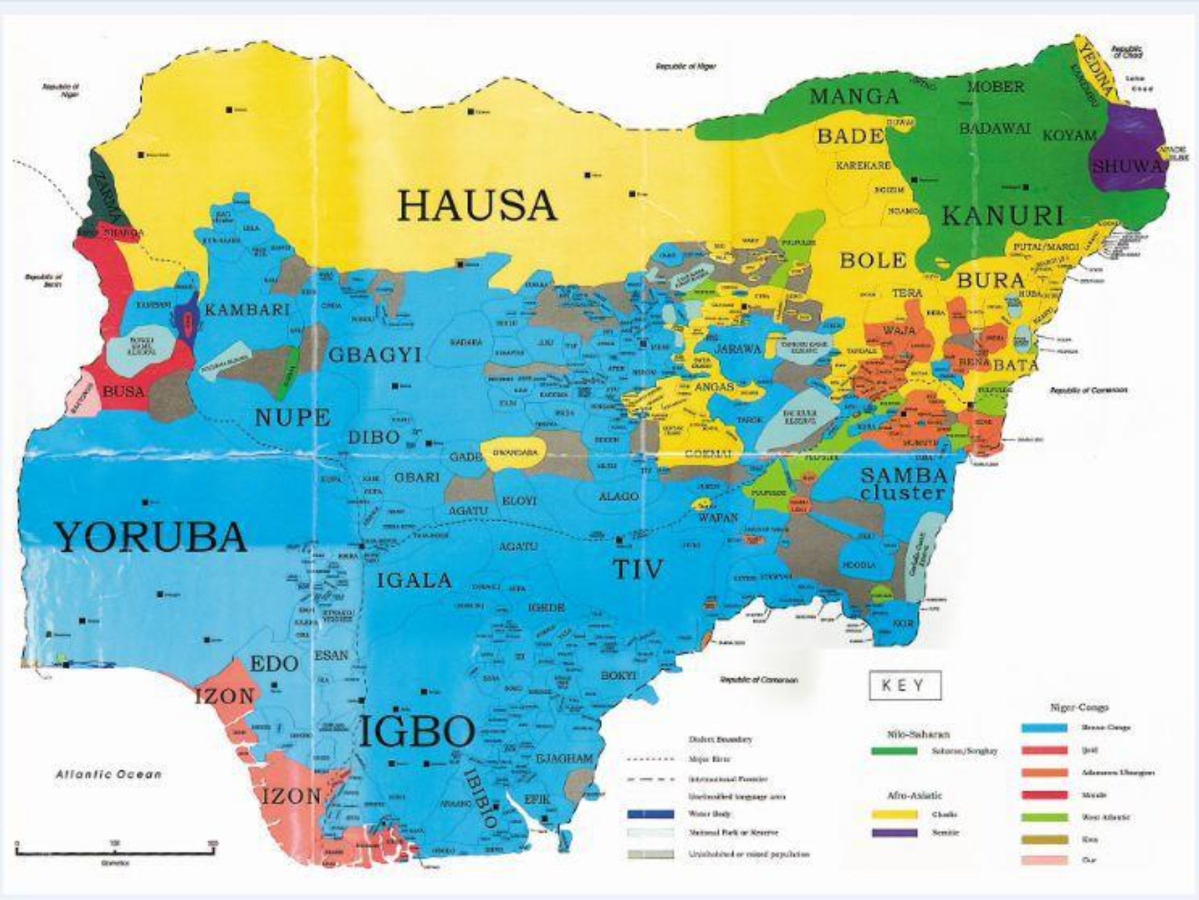

Figure 5.1: Ethnic distribution of Nigerian population

Source: ThePointNG (2017)

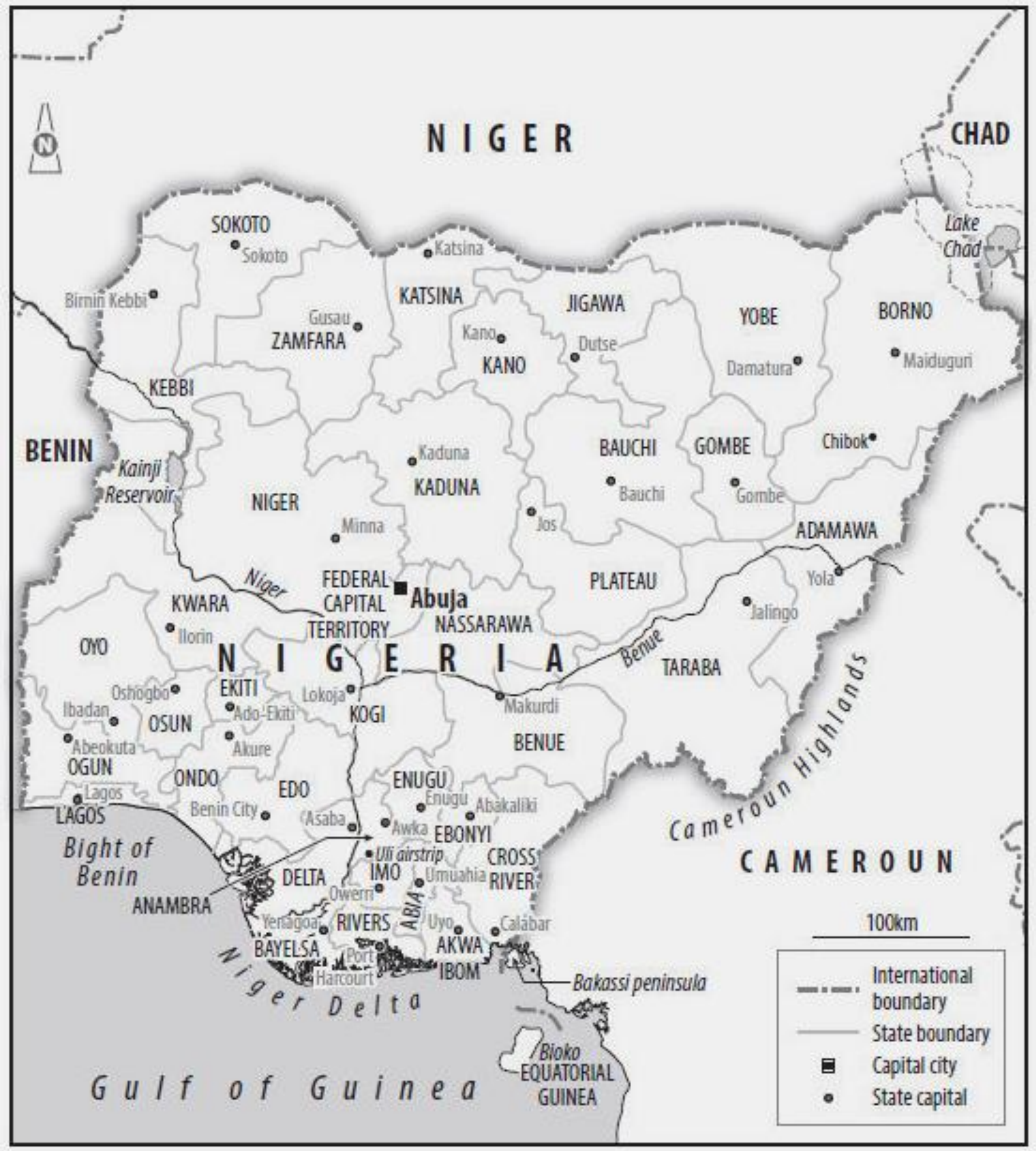

Figure 5.2: Map of Nigeria today; 36 states and their capitals

Source: Bourne (2015:307)

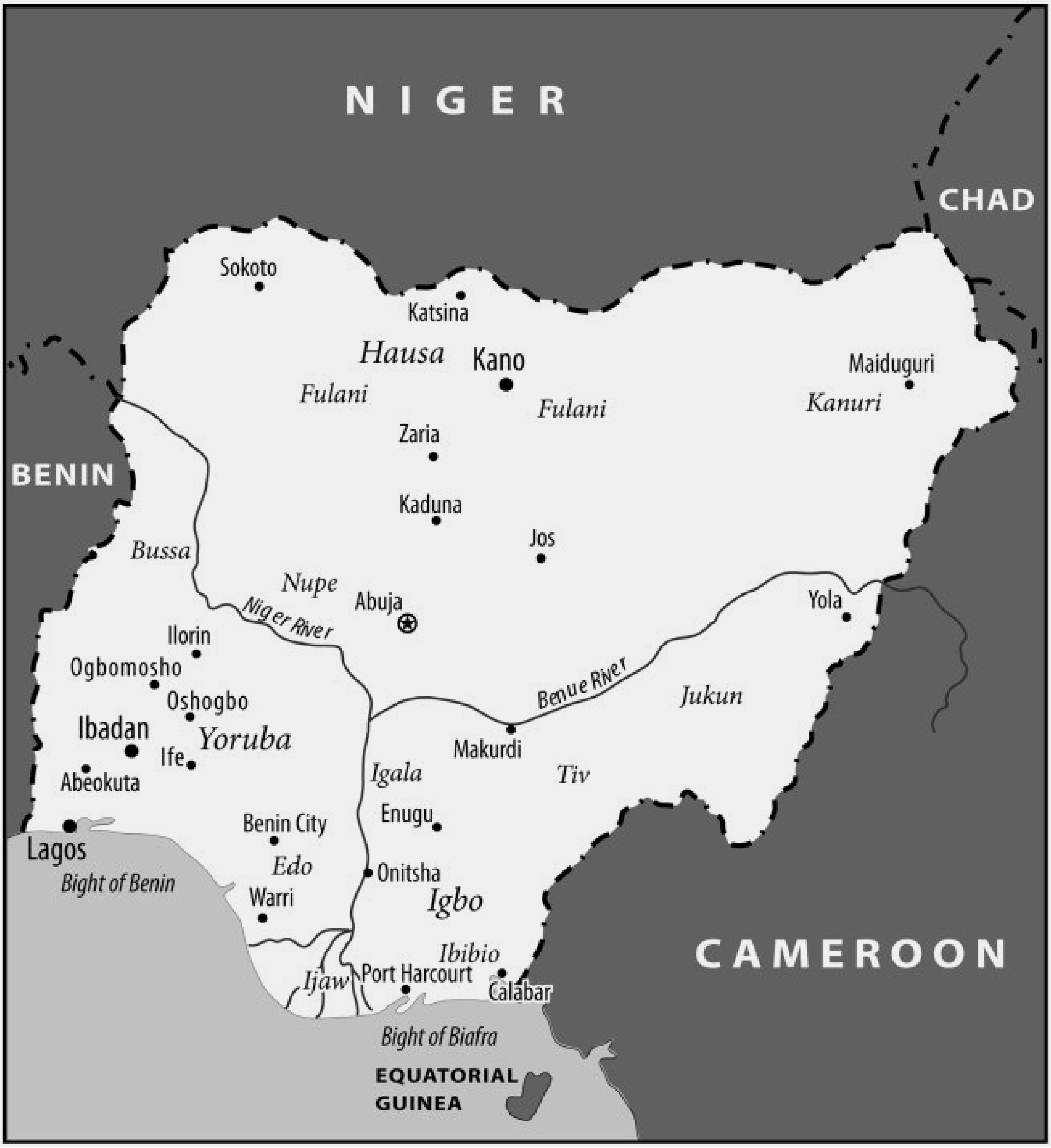

Figure 5.3: Major cities and ethnic groups in present-day Nigeria[17]

Source: Falola and Heaton (2008:xi)

Figure 5.4 below shows the geography of Nigeria's oil resources. The majority of oil blocks are onshore.

[17] The original map does not have a legend. Major ethnic groups are demarcated by italicized text.

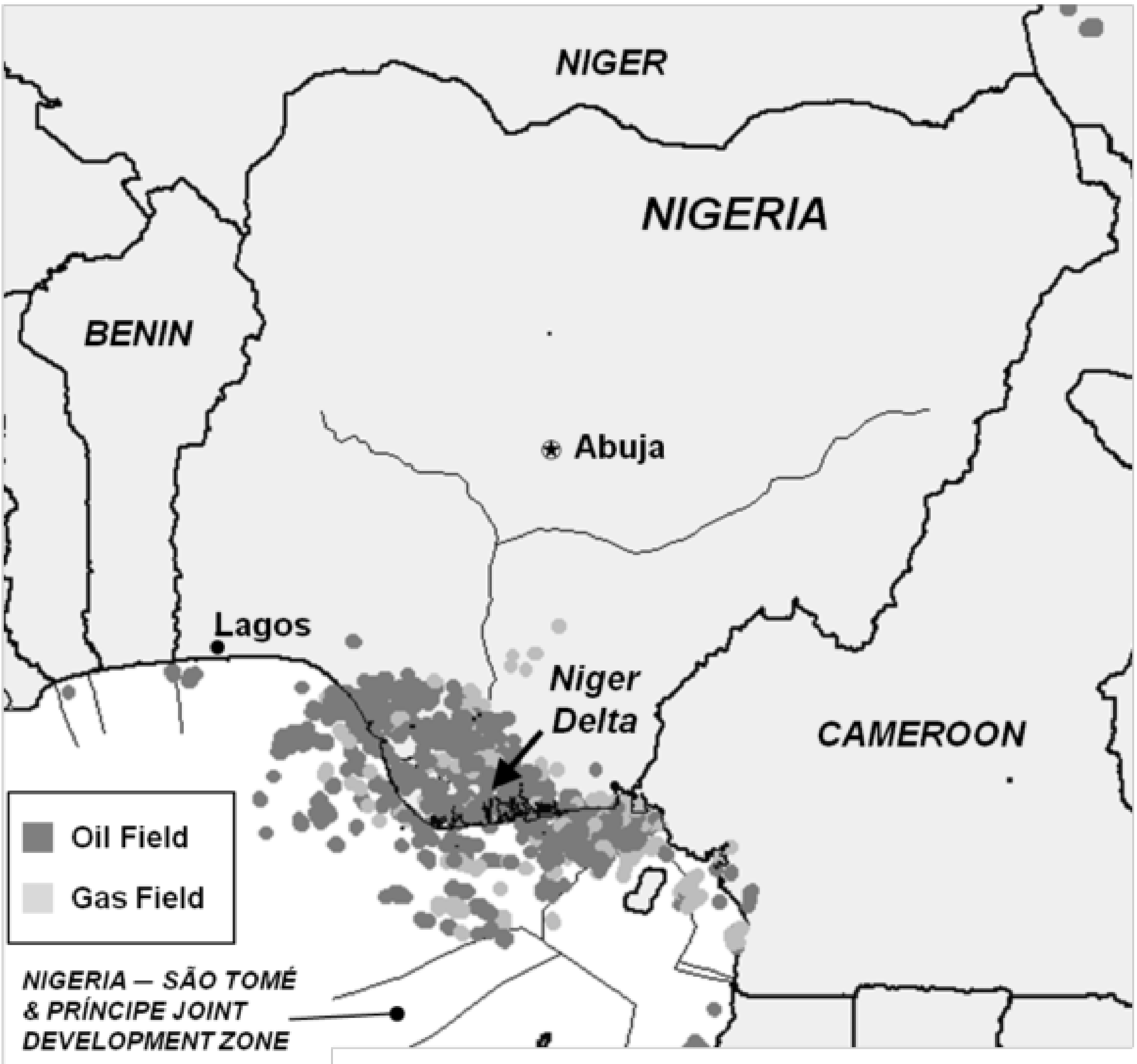

Figure 5.4: Location of oil and gas fields in Nigeria
Source: Thurber, Emelife and Heller (2010)

Figure 5.5 indicates the type of political rule in the top horizontal column against time on the bottom horizontal axis. British colonial rule is followed by brief civilian rule (in white), followed by prolonged periods of military rule (grey). Oil production (light grey shaded) is negatively affected by the Biafran war (1967-1970), but windfall oil rents only accrue after the war's end, coinciding with the global oil supply crisis of the early 1970s. After Nigeria joins OPEC, oil (black line) starts to yield windfall rents, but these subside again in the early 1980s, which partly explains the debt crisis of that era that led Babangida to impose IMF-type austerity and structural adjustment after deposing Buhari in 1985.

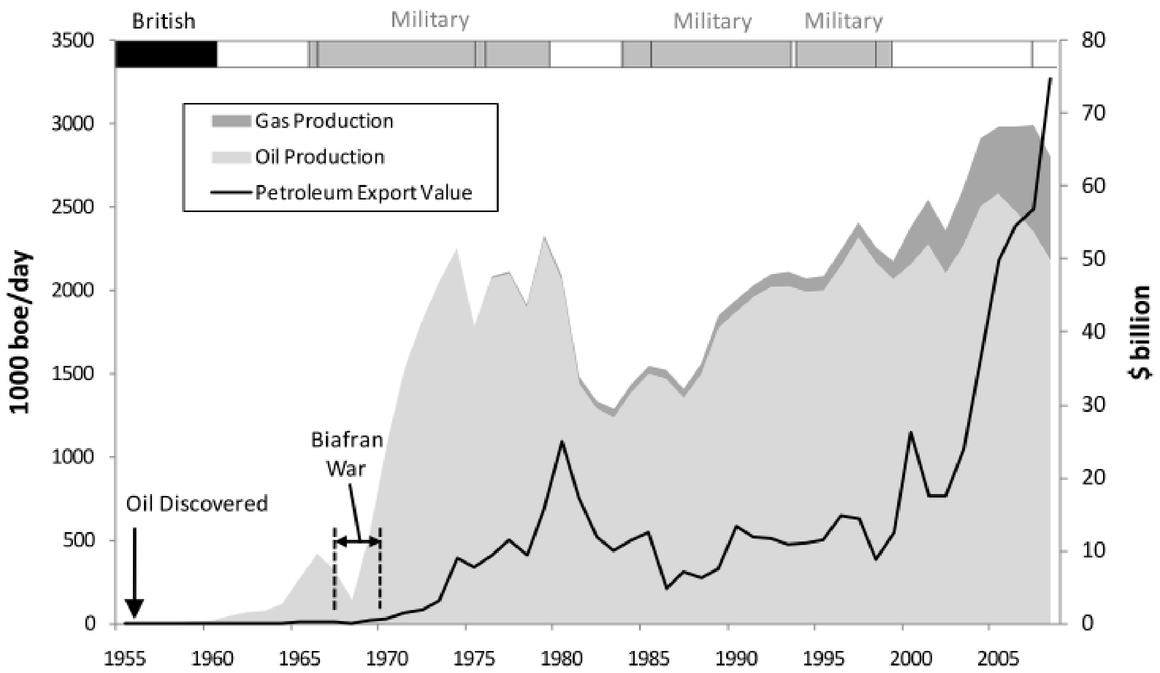

Figure 5.5: History of Nigerian oil production, petroleum export value and type of political rule

Source: Thurber, Emelife and Heller (2010:12)

Nigeria's population grew from 37.8 million in 1960 to 129 million by 2002. By 2017, it stood at nearly 186 million. The 'youth bulge' is evident from the 2017 pyramid.

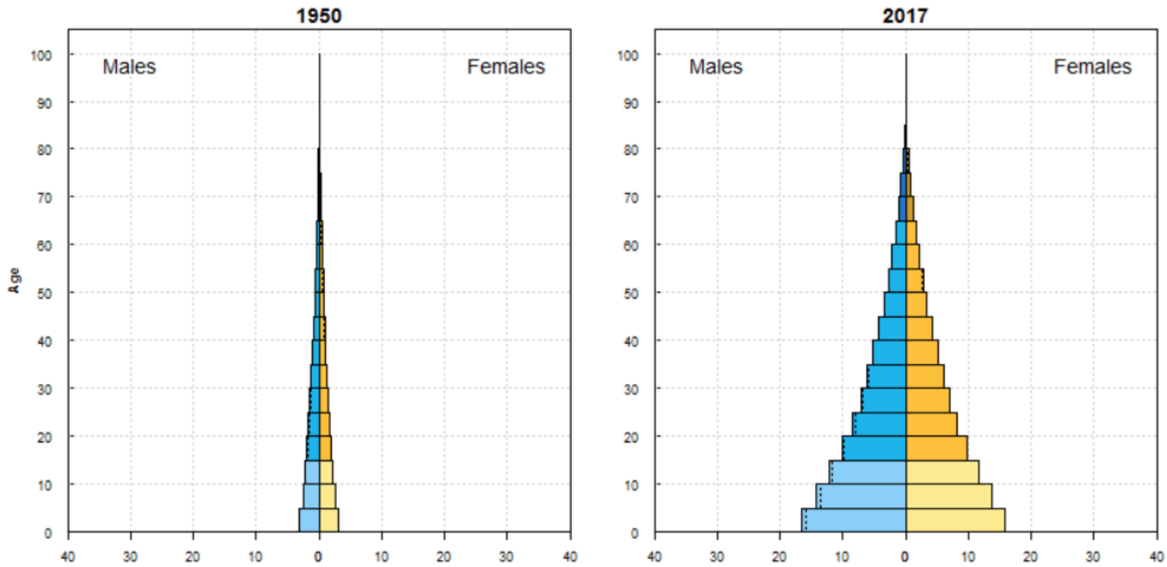

Figure 5.6: Nigeria's population pyramid, 1950 and 2017.

Source: United Nations (2017)

Figure 5.7 shows that since the Biafran war, Nigeria has performed consistently worse than the average for both West Africa and the rest of the continent on under-5 mortality and life expectancy at birth.

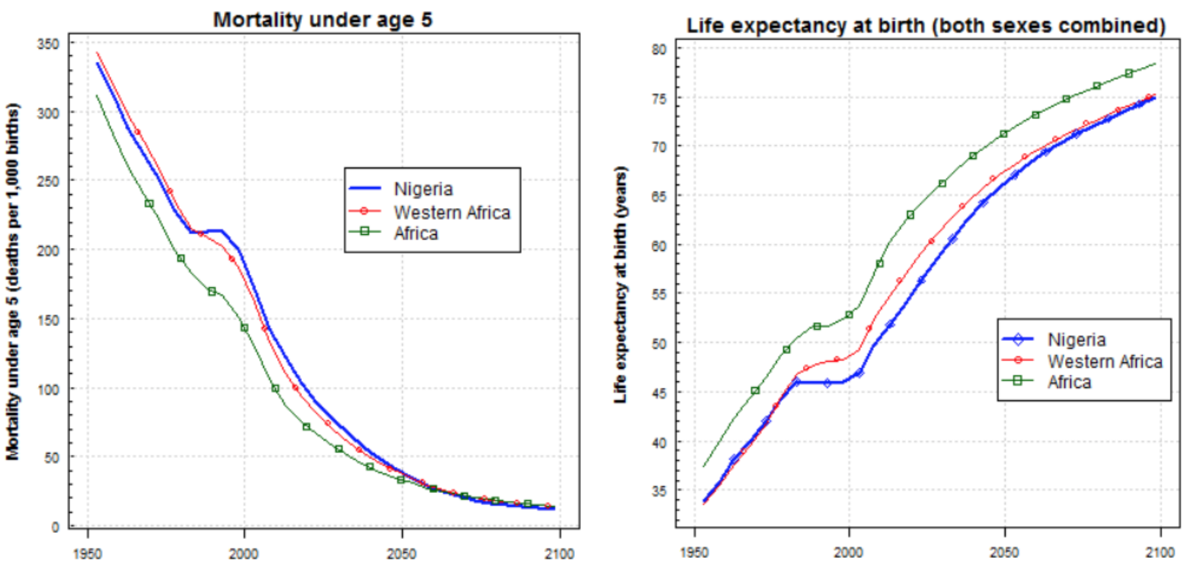

Figure 5.7: Under-5 mortality and life expectancy at birth.

Source: United Nations (2017)

5.3 Timeline summary of critical junctures

Less than six years after independence in 1960, junior military officers launched a coup, toppling the federal government led by Tafawa Balewa. General Ironsi inadvertently became the head of state by quashing the coup (Balewa had been assassinated), ushering in a prolonged period of military rule. Six months later, Ironsi was ousted in a revenge coup that saw Yakubu Gowon come to power. In 1967, the country descended into civil war that lasted two and a half years and cost a million lives. The war was fought to prevent secession by Biafra, which is in the south. While oil reserves were located in the south, access to oil appeared to be a minor consideration in the northern quest to prevent secession, nor did it feature in the overt rationale for Biafran secession. In 1975, five years after the civil war ended, Murtala Muhammed replaced Gowon through an internal military coup. Muhammed was assassinated in a failed coup six months later and succeeded by Olusegun Obasanjo in 1976. Obasanjo guided a transition to civilian rule in 1979, and Shehu Shagari was elected president. In 1983, after winning a "dubious election" (Bourne, 2015:194), Shagari was overthrown in the fifth military coup by Muhammadu Buhari. Two years later, Buhari himself was overthrown in the sixth coup and replaced by Babangida. A new constitution was established in 1989 and return to civilian rule attempted. The two parties that competed in the 1993 elections were inventions of the military. Nonetheless, an election was held and Abiola was declared the winner. Sani Abacha, a close friend of Babangida's, launched a coup shortly after the elections and abolished all democratic structures and imprisoned potential rivals, including Obasanjo. Five years later, Abacha died in office of a heart attack (Ogbondah, 2000). Abacha's Chief of Staff of Defence, Abdulsalami Abubakar, became head of state and released Obasanjo from prison. In 1999, Obasanjo was elected as a civilian president but became increasingly authoritarian, attempting unsuccessfully to run for a third term after his 2003 election victory.

5.4 Key Findings

By way of comparison with the preceding chapter, the five key findings of this chapter are as follows.

First, oil (and its geographic location) explains some of the *persistence* of Nigeria's relative institutional instability and economic underperformance but not its *cause*. Sala-i-Martin and Subramanian (2013:574) show, for instance, that stunted institutional development and "Nigeria's poor economic performance stems largely from having wasted its resource income". Oil abundance only generated windfall rents after 1970, though, by which time Nigeria had already experienced two coups and a civil war. Nordvik (2014:2) argues that onshore oil resources are a strong predictor of coups because they are difficult to defend and vulnerable to theft by insurgents:

> A one standard deviation increase in onshore oil production almost doubles the coup rate, from one coup every 20 years to one every 11 years on average. On the other hand, a one standard deviation increase in offshore oil production reduces the coup frequency to once every 23 years on average.

While the evidence is clear that onshore oil deposits are more strongly associated with coups than offshore deposits, the mechanism for why this is the case is less clear. Nordvik (2014) argues that coups occur with greater frequency in the former because a larger volume of rents have to be spent on the military to protect the resources. However, the empirical evidence from the Angolan case challenges this explanation. While Angolan deposits are predominantly offshore, and this did make it more difficult for insurgents to attack, its relative expenditure on the military as a proportion of GDP was persistently substantially higher than Nigeria's. Nigeria's onshore oil deposits have invited *external* contestation, but this does not explain the equilibrium of chronic instability *within* the ruling coalition.

This chapter shows that a more likely explanation is that no Nigerian ruler was able to consolidate power over oil production and rents in the same way as dos Santos did in Angola. The relative inability of any Nigerian leader to achieve dictatorship was not because they had to increase expenditure on the military to suppress external contestation. Rather, unlike dos Santos, no ruler in Nigeria (except Abacha) was able to consolidate control over the army. This had little to do with oil and more to do with the internal instability of the ruling coalition. Geddes, Frantz and Wright (2014) draw an important distinction between military *strongmen* and military *rulers*. Strongmen operate with fewer internal constraints, whereas rulers are constrained by the power of other officers and therefore more susceptible to coups. Nigeria's only strongman – according to this definition – besides Abacha, was Murtala Muhammed, but even his efforts to remove constraints resulted in a coup swiftly after his first few power-grabbing moves. Abacha was the only military strongman to escape being ousted by a coup. The Geddes, Frantz and Wright (2014) distinction aids our game-theoretic understanding of why Nigeria was more institutionally unstable than Angola, though this instability and its occasional punctuation by civilian rule had path-dependent effects that laid the foundations for a transition from a principal-agent to a multiple-principal LAO.

In Angola, FAPLA, which in 1993 became the FAA, was an extension of the MPLA. Dos Santos ensured that it never became a threat to his rule. In Nigeria, the military was initially relatively independent from the dynamics of the federal coalition at independence. Contestation over geographic access to oil, therefore, struggles to account for the internal instability within Nigeria's ruling coalition.

In Angola, oil rents were a crucial mechanism in dos Santos' strategy of achieving dictatorship. Oil rents greased the stability of the ruling coalition at the same time as accounting for the onset and duration of civil war. A promising recent study by Houle (2017) shows that oil has different consequences on different stages of the political transition process. Oil harms democracy, consistent with Ross (2001), but the "negative effect is conditional on the failure of the authoritarian regime, which is not influenced by oil" (Houle, 2017:417). Countries struggle to transition away from LAO fragility towards maturity in the wake of authoritarian rule, and its failure, when oil is prevalent. Path dependence is therefore crucial to explaining divergent institutional evolution in comparably oil-rich contexts – current and future institutional equilibria are impacted by historic institutional choices (Fadiran, 2015). Institutional path dependence, informed by cognitive path dependence, "may structure the economic game in a standardised way through time and lead societies to play a game that results in undesirable consequences" (Mantzavinos, North & Shariq, 2004:81).

Second, external forces were less directly important to Nigeria's political and economic trajectory than Angola's. Its civil war, which lasted only three years (from 1967 to 1970), compared to Angola's 27 years, was not a proxy for Cold War powers' attempts to gain footholds in Africa. The federal institutional structure inherited from British colonial rule was chronically unstable, attempting to unite two regions that had entirely different pre-existing institutional systems. In Angola, the MPLA inherited a more centralised institutional structure from the Salazarist regime, which complemented dos Santos' dictatorship strategy. However, the fact that competing elites could not strike a cooperative bargain meant that the early post-independence governance context was more fractionalised in Angola than in Nigeria.

Third, Svolik's (2009) model accounts for Nigeria's relative institutional instability as adequately as it accounted for Angola's stability. The model's comparative value is that it opens an analytic window into how oil interacts with political evolutions but does not inappropriately elevate its importance. What matters is how the relevant rulers gained control over the resources and consolidated power or failed to do so. The application of the model to Nigeria verifies its three propositions:

(i) The probability of successful power-sharing is decreasing in the ruler's power;

(ii) The relationship between the dictator's probability of successfully diverting and the clarity of the signal θ is non-monotonic; the probability of successful power-sharing is decreasing in b; and

(iii) "the equilibrium probability of the dictator's diversion α^* is decreasing in ϵ, the probability with which he eliminates a member of the ruling coalition if he successfully diverts" (Svolik, 2009:487).

The empirical evidence in Nigeria suggests that coup threats were repeatedly *ex ante* credible *after* transparently signalled diversions by the ruler – expected payoffs from launching a coup were greater than the expected payoffs from refraining; $b \geq \epsilon$ repeatedly. Where dos Santos took a small number of potent early steps to consolidate power, no Nigerian ruler could sufficiently reduce b to $\leq \epsilon$ for members of the ruling coalition. A contested autocracy equilibrium persisted because coups staged by the ruling coalition were likely to succeed with a sufficiently high probability to credibly threaten the ruler. Power-acquiring moves by Nigerian rulers were repeatedly thwarted from within, or through death from 'natural causes',[18] such as in Abacha's case.

[18] No autopsy was completed as the family refused and insisted on same-day burial in the Muslim tradition. It has been confirmed, however, that Abacha had no heart-related diseases that had been detected prior to his death, though he was reportedly in ill health. See Weiner (1998) for informed speculation that Abacha may have been poisoned.

Fourth, the Nigeria National Petroleum Company (NNPC) was inefficient and incompetent from its inception (Thurber et al., 2010). No Nigerian ruler had the will, patience or ability to transform it into a rent-generator to advance a personal power-accumulation strategy. Sonangol, to the contrary, was an island of productive efficiency in a sea of non-oil economic stagnation from 1961 to 2002. Dos Santos personally engineered and maintained the inherited efficiency of the Portuguese state-owned oil company. In Nigeria, federally controlled oil revenues entrenched what Richard Joseph (1987:189) called prebendalism – “a state official is given the right to attach a certain portion of the tribute due to the state and use it for his or her own purposes” (Joseph, 1987:189). But prebendalism equally describes Angola, and it cannot in itself explain divergent authoritarian duration.

Fifth, consistent with the implications of Svolik’s (2009) model, ‘democratic’ institutions in Nigeria were designed to provide power-sharing mechanisms between the ruling coalition and its leaders. However, when Sani Abacha came to power, he demolished these institutions altogether; he gained sufficient power within the ruling coalition early in his rule to divert with a high signal and avoid a coup.

5.5 Path to independence

On 1 January 1914, a large number of heterogeneous population groups of West Africa became “One Nigeria” (Bourne, 2015:3). Nigeria was an amalgamation of two protectorates (North and South) with the colony of Lagos, a British possession since 1861. The question was whether the colonisers

> could create a modern nation out of the 250 or so ethnicities in this region, with three large cultural and religious blocs, and a major dysfunctionality between a numerous, poor and largely Muslim north, and an increasingly educated, Christian, and richer south (Bourne, 2015:4).

Nigeria's first governor-general, Frederick Lugard, kept the Muslim north uneducated. He prohibited Christian missionaries from promoting education there as they had done in the south (Bourne, 2015, p. 26).[19] One of the few educational endeavours in the North was the Higher College, which trained a generation of Northern leaders, notably Abubakar Tafawa Balewa, who became the first Federal Prime Minister at Independence, and Ahmadu Bello, who became the Sardauna of Sokoto (Bourne, 2015:36). However, this schooling was accessible only to the elite, which exacerbated inequality between the North and the South throughout the 1930s.

Clifford succeeded Lugard and the *1922 Clifford Constitution* allowed elections for the first time in the sub-Saharan British empire. The following year, Herbert Macauley founded the Nigerian National Democratic Party (NNDP), which dominated the political life of Lagos from 1923 to 1934. Its ambitions to grow into a nationwide party were unsuccessful (Bourne, 2015:34).

While there were different currents of anti-colonial activity, a nascent attempt to build a Nigerian nationalism formed in the late 1930s with the launch of the *West African Pilot*, published by Nnamdi Azikiwe. Azikiwe became the first post-independence governor-general (1960-1963) and later the president (1963-1966). Obafemi Awolowo became Premier of Western Nigeria (1954–60) and the federal Commissioner of Finance during the civil war. Awolowo and Azikiwe were inspired initially by Macauley but then formed the Nigerian Youth

[19] This has generic important long-run implications for propensity towards democratization; see Woodberry (2012) and AGR (2014). Nigeria is no different.

Movement (NYM), which defeated Macaulay's NNDP for the three elected seats in Lagos in 1938.

The NYM charter sought to unify Nigeria with ambitions of complete autonomy from colonial rule, mass compulsory and free education, a separation of powers between the judiciary and the executive, and universal adult suffrage. Its efforts were thwarted by the conservatism of the North, abetted by the colonial government's continued strategy of indirect rule. While it managed to establish a few branches in the North, its membership there remained limited.

> The net result was that the North came to view the NYM as a Southern party, which was not its intention, and Southern suspicion of British tactics of divide-and-rule, protecting undemocratic societies in the North, would grow over the next decades (Bourne, 2015:48).

This defect created further frictions between Yorubas and Igbos, eventually leading to the party's disbanding in 1941, a key moment in aborting a potential pan-Nigerian nationalism (Bourne 2015:64).

In 1944, Azikiwe founded the National Council of Nigeria and the Cameroons (later Nigerian Citizens) (NCNC). The NCNC rapidly became influential in pushing for independence for Nigeria from British colonial rule (Falola & Heaton, 2008:xv).

The *Richards Constitution* was enacted in 1946, following the General Strike of 1945. Southerners opposed it because it was externally imposed. They further suspected that it would enhance British divide-and-rule by rigidifying the regional boundaries between the North and the South. The constitution was consequently short-lived (Bourne, 2015). Falola and Heaton (2008) contend nonetheless that it contained reforms which paved the way for independence.

In 1949, the Northern People's Congress (NPC) was founded under the leadership of Tafawa Balewa, Aminu Kano, and Ahmadu Bello, the Sardauna of Sokoto (Falola & Heaton, 2008:xvi). Two years later, under the *Macpherson Constitution* – that replaced the *Richards Constitution* – Obafemi Awolowo (originally of the NYM) founded the Action Group (AG), a Yoruba-dominated political party from the South-West. Macpherson was eager to ensure that independence would bring neither "dictatorship nor chaos" (Bourne, 2015:78). It proved difficult to maintain the support of the North, as Balewa and Bello were fearful that the new constitution and independence would lead to Southern domination. The South started to see the North as a stumbling block to attaining independence. The North threatened secession from the federation. In response, Britain struck a compromise deal which granted the North more parliamentary seats than the two Southern regions combined.

By 1953, the AG and the NCNC had married for convenience to lobby for independence. The NCNC still had significant support in the West. Its leaders forged an alliance with Aminu Kano's Northern Elements Progressive Union (NEPU) in the North, a nationalist party that favoured a central government. The AG was still Yoruba and regional in its approach. While it led the charge for self-government in 1956, it was not enthusiastic about a strong central authority. Awolowo and Azikiwe were as hostile towards one other as they were "to the Sardauna and Tafawa Balewa" (Bourne, 2015:80). Azikiwe sought to boycott the London talks in October 1954 that produced the *Lyttleton Constitution*, but Macpherson persuaded him to refrain from doing so.

The new Constitution "managed to forge a middle path between the desire of some nationalists, mainly the NCNC, for a strong central government and the desires of other nationalists, most stridently the NPC, for decentralized, regional autonomy" (Falola & Heaton, 2008:154). Both the West and East opted for self-government in 1957; the North only in 1959. "General elections in 1954, 1956, and 1959 cemented the regionalization of political consciousness in Nigeria, as the AG, NCNC, and NPC continued to dominate their respective regions in both the regional and central legislatures" (Falola & Heaton, 2008:154). In 1957, Balewa, the deputy leader of the NPC, was named the first Prime Minister of Nigeria. He did not belong to either the powerful Fulani or Hausa clans, and his negotiating skills brought the opposition AG into a government that had been an alliance of the NPC and NCNC (Bourne, 2015; Falola and Heaton, 2008). After the 1959 elections, however, the AG went into opposition. Balewa held his position as Prime Minister, and Azikiwe was given the ceremonial title of first indigenous Governor General.

Oil was discovered in commercial quantities in 1956. Shell had been granted a monopoly in oil exploration in 1938. Shell-Mex and BP Ltd discovered the 1956 deposits 80km west of Port Harcourt. The pre-independence government operated a 50/50 revenue-sharing model with the company. After the botched Anglo-French intervention that tried to reclaim the Suez Canal from Egyptian control, Nigerian oil gained in strategic importance to the UK. Bourne (2015:87) wrote that the "growing significance of oil royalties would cast a baleful shadow over the first decade of a sovereign state". Falola and Heaton (2008:157) concur:

> Petroleum would become both a blessing and a curse for Nigeria in the decades to come: the resource with the most potential to make Nigeria a strong, wealthy state, but one that has also fuelled the flames of ethnic division, economic underdevelopment, and institutional corruption since the 1960s.

However, it is crucial to stress that access to southern oil to fuel the federal patronage machine was not a major consideration in Nigeria's power-sharing dynamics until after the Civil War.

The fundamental inequality between North and South was never bridged. In 1958, average annual income in the North was estimated at £30. Over a million pupils were enrolled in school in each of the Eastern and Western regions, but only 238,000 in the more populous North; around 11,000 had enrolled to train as teachers in each of the Southern regions, but only 3,000 in the North (Bourne, 2015:94).

5.6 Independence and the first coup(s): 1960-1966

Nigeria was granted independence from Britain on 1 October 1960. The elite bargain holding the Federal Coalition together was tenuous, resulting in fragile institutional foundations. Although three major ethnic groups each controlled one region of Nigeria, "hundreds of smaller ethnic groups feared impending domination by a larger group at the regional level" (Falola & Heaton, 2008:156).

The NPC used its federal dominance to appoint Northerners to the military, bureaucracy and influential economic posts at the expense of Southerners, a programme known as 'Northernization'. This was typical of what Svolik (2012:3748) called "[c]oup-proofing measures, [which] include the creation of parallel armed forces, multiple security agencies, and the exploitation of religious and ethnic loyalties". Autocrats who aspire to dictatorship tend, in particular, to load their internal security agencies with ethnic loyalists from their place of origin, as was the case with Saddam Hussein in Iraq and dos Santos in Angola.

Bello, the Sardauna, held immense power; his popularity derived from charisma and ethnic loyalty – "an inspirational figure for Nigeria's Muslim population" (Siollun, 2009:13). Southerners viewed Balewa as Bello's puppet, and rightly perceived that Bello was the real power behind the federal throne. Bello's execution of the Northernization programme reflected his fear that better educated Southerners would crowd out Northerners in his own region, which would in turn threaten the loyalty on which he depended for continued rule in the North, and thereby over the whole country (Siollun, 2009). Politically, he feared a Yoruba/Igbo alliance from the South, and is quoted in (Siollun, 2009:13) as arguing that "[a] sudden grouping of the Eastern and Western parties (with a few members from the North opposed to our party) might take power and so endanger the North".

The NCNC, in turn, had hoped that its participation in the federal coalition would provide access to plum positions and economic resources. This did not materialise (Bourne, 2015). Evident here is that even in the early 1960s – *before* windfall oil rents – the nature of the state was already well described by Joseph (1987) as the main reservoir of financial resources and the source of patronage networks sustained by corrupt practices, which resulted in pervasive governmental inefficiencies.

Two years after independence, a crisis erupted in the Western Region with a split in the AG over policy positions towards the federal government – to remain within or oppose externally. Balewa exploited the opportunity to declare a state of emergency and suspend the regional government. Awolowo was placed on trial for treason – the prosecutor alleged that he had planned to take power in a coup set for September 1962 – and sentenced to seven years' imprisonment (Bourne, 2015; Falola and Heaton, 2008).

The following year, a census was conducted that revealed that the population of the South (23.1 million) was greater than the North (22.5 million). Census results determined each region's "share of seats in the Parliament, and each region was widely assumed to have inflated its population count" (Siollun, 2009:14). Balewa, whom Bello publicly referred to as his ‘lieutenant in Lagos’ ordered a recount. An additional eight million people were found in the North. The manipulation of census figures caused a rift in the NPC-NCNC coalition.

Table 5.1: 1963 regional distribution of ethnic groups

1963 Census

Ethnic group	Percentage of Population	Region	Population figures
Hausa/Fulani Kanuri Tiv Nupe	29.5% 4.1% 2.5% 1.2%	Northern	22.5 million
Yoruba Edo	20.3% 1.7%	Western	10.7 million
Igbo Ibibio-Efik Ijaw	16.6% 3.6% 2.0%	Eastern	12.4 million
Total	100%		45.6 million

Source: Diamond (1988:22&133).

Following the census, Balewa enacted a Preventive Detention Act in 1963 and a Press Bill in 1964 to curtail media freedom, sowing further suspicion in the ruling coalition that Balewa was trying to acquire more power for himself. In 1964, Nigeria held its first post-independence elections. The NCNC and the AG joined with minority parties in the North in an effort to end the rule of the NPC, forming the United Progressive Grand Alliance (UPGA). To oppose them, the Sardauna, Balewa and Chief Samuel Akintola (the re-instated premier of the Western region at Balewa’s behest) constructed a Nigerian National Alliance (NNA). The NNA prevented the UPGA from nominating candidates and the final result saw 88 seats out of 174 in the northern region going unopposed to the NNA, and 198 out of 312 to the NNA in the federal assembly (Bourne, 2015:102–104).

The NCNC Premier of the Eastern Nigeria, Ojukwe, threatened secession. There was talk of a coup to remove President Azikiwe. No opposition candidate had been allowed to run in the Prime Minister’s Bauchi constituency and he had been returned unopposed. It proved difficult for Nigerians to exercise "faith in a democracy that seemed so unfair and kleptocratic" (Bourne, 2015:104). The Western Region became ungovernable, bitter over the fraudulent 1963 census result and rigged regional elections.

Economic dissatisfaction led to another general strike in 1964. Balewa's government refused to negotiate with workers. Widespread frustration with the ruling coalition became embedded in civil society. But few realised "that anger with the slow pace of decolonisation and the corruption of politicians was [also] beginning to take hold in the military" (Bourne, 2015:107) and that the military was becoming increasingly politicised as a result. Falola and Heaton (2008), along with Bourne (2015), present the narrative that Igbo officers, disproportionately occupying senior positions in the military and frustrated at the federal government's inability to maintain peace and develop the country, planned a coup. A closer examination of the data is not entirely commensurate with this narrative.

The post-1964 election negotiations produced the *Zik-Balewa pact*, a quintessential elite bargain between the UPGA and the NNA. One of its conditions was that Western elections had to be re-held in 1965 (Falola & Heaton, 2008). The Western Region again erupted in rebellion against NNA domination. Instead of declaring another state of emergency, Balewa tried to send military forces to support Akintola and suppress the riots.

While managing to strike a deal with Azikiwe, however, Balewa had failed to consolidate power over the military. A number of troops were UPGA supporters and sympathised with the rioters. Balewa, failing to read the game, ordered the army to increase their crackdown efforts (Siollun, 2009). In response, Major-General Johnson Aguiyi-Ironsi, Chief of Staff of the army in 1965, withdrew troops from the region (Bourne, 2015). Diamond (1988:287) notes: "[e]ach time the military was summoned to quell violent political conflict or protest, it was dragged more deeply into politics”.

To improve the probability of repression success in the Western Region, the NPC government planned to remove Ironsi (an Igbo) for ignoring orders. He was to be sent on indefinite leave and replaced by a Northerner, Brigadier Maimalari. Lt-Colonel Hilary Njoku (also an Igbo) was to be replaced by Lt-Colonel Gowon (a Northerner, but a Christian from the minority Angas tribe) (Siollun, 2009). The government never had the opportunity to reshuffle the military decks.

The Special Branch of the police and the army high command knew that a coup was being plotted and forwarded the intelligence reports to both the federal and regional governments. These were ignored, perhaps because coup reports were so frequent. Moreover, senior officers like “Aguiyi-Ironsi, Ademulegun and Maimalari were aware that a coup was being planned” (Siollun, 2009:39), though they were probably unaware of who was behind it or when it would be executed. Ironsi himself planned to travel to Bauchi to warn the Prime Minister that his life was in danger, upending the idea that he was involved in coup-plotting himself. Had this been an Igbo-driven Southern coup plot, it seems unlikely that Ironsi would have tried to prevent it or subsequently acted to suppress it.

On 14 January 1966, the NPC Minister of Works, Shehu Shagari, also warned Balewa of an impending coup, but Balewa told Shagari there was no reason for alarm. A few hours later, the coup was staged. Majors Nzeogwu and Onwuatuegwu led the Northern operation; Major Ifeajuna the Lagos operation; Captain Nwobosi the Ibadan operation; and Lieutenant Jerome Oguchi the Enugu operation. This produced the myth that the coup had been carried out by ‘the five majors’. The phrase only referred to the five designated strategic regional commanders of the coup, but “no less than nine Majors were originally billed to take part in the coup” (Siollun, 2009:140).

Nzeogwu executed Bello. Ifeajuna arrested Balewa, who was subsequently assassinated. Balewa’s staff alerted Ironsi to the coup. It turns out that Ironsi had been on the coup plotters’ hit list too (Siollun, 2009:51). Not only did he manage to escape, he also suppressed the coup, taking charge with Njoku and Gowon (Northerners). He ordered the arrest of Ifeajuna, Oji and Wokocha.

Ironsi faced a dilemma. If he returned the country to civilian rule, the probability of another coup within days was high. It could have “come from either within the original circle of conspirators or from the Majors’ other sympathisers who were lurking” (Siollun, 2009:61). US intelligence also feared the possibility of an Ironsi assassination. Under these conditions, a majority of senior officers proposed a military takeover of the government. Ironsi met with the surviving members of the Council of Ministers on the evening of January 16, 1966, who agreed to abdicate power to the armed forces.

On 17 January 1966, acting President, Dr Nwafor Orizu, announced this agreement to the nation. Ironsi was now the head of a Federal Military Government (FMG). Though his government was initially welcomed by civilians, public opinion rapidly turned against the regime, and newspaper articles were soon raising the possibility of Northern retaliation against the murders of Balewa and the Sardauna (Bello). The power struggle within the army had not yet been resolved either (Siollun, 2009).

Continuing the emphasis on ethnic fragmentation as a root cause of Nigeria's institutional instability, Falola and Heaton (2008:173) argue that Ironsi inadvertently created suspicion among Northerners that both the coup and the military government's subsequent policies were part of a conspiracy by Igbo officers to use the military to forge Igbo domination of the state. This view seems to have empirical support in that the new FMG suspended the parts of the constitution that governed party politics and formed a new Supreme Military Council (SMC) with only two Northerners out of nine members (Siollun, 2009:71). One was Gowon, then army chief of staff, and the other was Lt-Colonel Hassan Usman Katsina, the Military Governor of the Northern Region.

There were, however, also only two Igbo members. Crucially, the "ethnic composition of the officers that carried out the coup is incompatible with a grand Igbo design" (Siollun, 2009:141). The narrative nonetheless emerged that the coup was an Igbo plot. Circumstantial evidence suggested to Northerners that it was true. They observed, for instance, that four of the five majors who led the January coup were Igbo. Only one Igbo officer had been killed in the coup, while the majority of casualties were Northerners. Igbo premiers were arrested but later released. Ironsi allowed the coup plotters to remain in detention instead of bringing them to trial (Falola & Heaton, 2008). Against the advice of his SMC, Ironsi then promoted 18 Igbo officers to the rank of colonel (Bourne, 2015). Ironsi's every move "was interpreted as a furtherance of an Igbo plot to dominate the country" (Siollun, 2009:79).

Ironsi also conveyed transparent, high signals that he intended to divert from power-sharing with the Northern members of his ruling coalition. "His public moves were centralist and anti-democratic. Decree 33 abolished 81 political parties and cultural organisations" (Bourne, 2015:117). On May 24 1966, the SMC issued Decree no. 34, which officially abolished the federal system and replaced it with a unitary system (Falola & Heaton, 2008). The military and the civil service were to be integrated and administered from the centre. Ironsi's intention to abolish the regional structures signalled to Northerners that he wanted to remove the safeguards that they had in the federal system of representation commensurate with population size.

By the middle of 1996, a consensus had emerged "among Northern soldiers that there would be a 'July rematch' with their Igbo colleagues" (Siollun, 2009:97). Ironsi had attempted to quell the rumours of an Igbo conspiracy through a promotion exercise in the army in May, the same month the SMC repealed the federal system. Despite the fact that the majority of promotion beneficiaries were from the North, the exercise was interpreted as an attempt at co-optation and backfired (Siollun, 2009). Among those promoted were Muhammadu Buhari (a Northerner).

If any evidence was found of Northern coup-plotting, it did not produce any pre-emptive action from Ironsi. Lt-Colonel Murtala Muhammed was the de facto leader and coordinator of the revenge coup, publicly declaring his ambition to avenge the deaths of Northerners killed in the January coup. Several junior Northern officers, including Sani Abacha, sent an anonymous letter to Gowon, warning that unless action was taken to avenge the January murders, they would do so themselves. These threats proved *ex ante* credible: The coup plotters had a high-powered incentive to launch a coup even after Ironsi had diverted. Gowon was well informed of the coup, and apparently chose not to warn the other members of the SMC (Siollun, 2009).

Ironsi entrusted his personal security to Northern escorts and soldiers such as Major Theophilus Yakubu Danjuma and Lieutenant Walbe. Aspiring dictators do not typically entrust this function to ethnic outsiders. Walbe and Danjuma "defected, and were among the core conspirators planning to kill him" (Siollun, 2009:100). Like Balewa before him, he dismissed intelligence reports that his life was in danger.

On 29 July 1966, Danjuma informed Gowon of his intention to capture Ironsi. Gowon condoned the move. Ironsi was assassinated (Siollun, 2009), despite Gowon's plea that there be no bloodshed. Following this successful coup, Northern soldiers unleashed extreme violence against, and arrested, Igbo colleagues. The SMC declared a state of emergency.

Murtala Muhammed demanded Northern secession when the SMC first met after the coup. This suggests that access to Southern oil was not a primary consideration in Northern coup-plotters' calculations. Gowon refused Muhammed's demand, though, as the British and US ambassadors declared that no aid would be distributed to the North in the event of secession. Civil servants rightly pointed out that the North would have the most to lose from secession. Muhammed was dissuaded, but the subsequent rift between him and Gowon carried the seeds of future rebellion within the ruling coalition. Major Martin Adamu recommended that Gowon be appointed as head of state, but only for a brief period, as "his position was precarious due to some Northern hardliners (led by Muhammed) who felt that Gowon would be too conciliatory to Igbos" (Siollun, 2009:123).

5.7 Application of the model to the data

From the prevailing historical narrative, the two coups of 1966 seem to be explained by ethnic conflict and mutual suspicion between Northerners and Southerners. The first coup as an 'Igbo plot', for instance, neatly fits this narrative. However, it proves inadequate. A re-examination of the data against the lens afforded by the model provides novel insights.

First, several of the soldiers involved in the first coup were Yoruba, including Marjo Ademoyega and six others. Igbo-Yoruba unity is often assumed in the coup narrative, but the evidence provided above suggests that this does not correspond to reality. Second, a number of Northern soldiers participated and were actively involved in assisting Nzeogwu to storm the Sardauna's residence. Of the 28 soldiers implicated in staging the coup, five were Northerners. Brigadier Maimalari was Kanuri, as were Colonel Kur Mohammed and Lt-Colonel Abogo Largema. Lt-Colonel James Pam was Birom; Major Hassan Katsina was Fulani; and Gowon was from the Angas tribe.[20] Even Babangida, a future head of state from the North, admitted that the Majors' coup was not Igbo-inspired. And though Nzeogwu was of Igbo origin, "he was born and raised in the Northern Region… and was very popular among Hausa soldiers" (Siollun, 2009:142). It was a multi-ethnic coup.

In equation (2) of Svolik's (2009) model:

$$\beta_L^* = 0 \text{ and } \beta_H^* = \frac{\mu}{\rho[_{Hd}(1+\mu)-\pi_{Hc}]} > 0,$$

the equilibrium probability that the ruling coalition stages a coup after observing a high signal β_H^* is decreasing in the probability that a coup succeeds (ρ) and in how informative the signal θ is from the dictator regarding his actions $(\pi_{Hd} - \pi_{Hc})$. At the same time, it is increasing in the extent of the dictator's diversion μ.

The model implies that the ruling coalition stages a coup with increasing probability as the balance of power shifts in favour of the ruler. For the members of the military that staged the first coup, their expected payoff from a coup was larger than it would have been if they had maintained the status quo: $\rho \geq 1 - \epsilon$ or $\epsilon \geq b$. If $\rho \geq 1 - \epsilon$, the ruling coalition prefers not to

[20] See Siollun's (2009:219–221) "Appendix 1" for further details.

stage a coup when it observes a low signal but only when it observes a high signal, as long as the threat of doing so is *ex ante* credible.

Balewa (in coordination with Bello) signalled repeatedly that he intended to cement Northern domination in the federation. The manipulation of the 1963 census figures; the programme of Northernization; the imposition of the Preventive Detention Act in 1963; and the rigging of the 1964 elections were interpreted by coalition members as high signals of diversion from the existing internal power-sharing arrangement.

The application of Svolik's model generates a promising explanation. Siollun (2009:142–143) suggests that: "If the [January 1966] coup has to be characterised in a partisan manner, it would be a UPGA coup since most of the victims, and those that were dispossessed of political power, came from the ruling NNA coalition". Some of the Majors were sympathetic to UPGA ideology and had demanded Awolowo's release from prison. The coup was therefore more likely to have been politically driven, transcendent of ethnic alignment. The UPGA had tried every available constitutional method to dislodge the NPC from power but failed. Army officers sympathetic to their cause launched the coup, though they had no obvious plan for governing the country once they had eliminated Balewa and Bello. In that respect, the coup was only partly successful, as Ironsi – who had also been listed for elimination – quashed the coup and took power himself.

Ironsi – despite the evidence against a grand Igbo design – could not escape the consequences of that view in the military. His power-acquiring moves in office were interpreted as attempts to reduce the power of Northerners in the federal power-sharing mechanism, hence the revenge coup, which had every appearance of being ethnically driven.

However, the fact that four of the soldiers who took part in the revenge coup of July 1966 to topple Ironsi – Murtala Muhammed (1975), Muhammadu Buhari (1983), Ibrahim Babangida (1985) and Sani Abacha (1993) – were all Northern future heads of state who replaced one another, weakens the hypotheses that rely on ethnic fragmentation as an explanation for federal instability in Nigeria. Structurally, the army was almost completely Northern-dominated by the end of 1966 (Siollun, 2009:148).

The first 1966 coup "proved to be the catalyst for several military regimes – each one progressively more authoritarian than the one that preceded it. The Nigerian army, and society, have never recovered from the wild days of 1966" (Siollun, 2009:149).

Proposition 1 of Svolik's (2009) model implies that in a contested autocracy, the aspirant ruler will act opportunistically with a positive probability and the ruling coalition stage a coup with a positive probability as well. In the case of Nigeria's first two coups, Balewa and Ironsi both acted opportunistically and attempted to acquire more power at the expense of the ruling coalition. In both cases, however, the coup threats were ex ante credible as each was executed *after* the ruler had diverted. The probability of any ruler in Nigeria achieving dictatorship from July 1966 onwards was therefore small, as the internal constraints facing any military ruler were sufficient to prevent it. Two successful coups in quick succession proved to be critical junctures that locked in leadership instability. No future Nigerian leader besides Abacha seemed able to unlock it, and his rule was short-lived. The fact that it was short-lived may also indicate a lack of appetite for strongman rule from within the ruling coalition.

5.8 Competing hypotheses

Diamond (1988) attributes the failure of the First Republic to a multitude of factors. He argues that polarisation and violence resulted from the interaction of poverty and an oversized state. Because the state controlled the resources in the absence of a growing private economy, “an extreme dependence of class formation on political power” (Diamond, 1988:321) resulted. British colonial rule is also partly to blame, as it did not allow enough time for the development of commitment to democratic values. The federal structure that emerged was the basic source of democratic crisis and decay. It generated “the coincidence of ethnic, regional and party cleavage, by placing such a premium on political control of each region, and by reifying the ethnic boundaries of the three major groups while heightening the insecurity of minority groups” (Diamond, 1988:321). From the fundamental factors of class, state, ethnicity and regionalism, followed recurrent political crises that “consumed the popular legitimacy of the First Republic and so brought it down” (Diamond, 1988:322).

While Diamond (1988) has provided a profound contribution to the understanding of Nigeria’s early post-independence challenges, the explanation he provides for failure is problematic in two senses. First, it does not sufficiently recognise the shifting balance of power between the aspirant rulers (Balewa/Bello) and military officers, which generated the incentives to launch the first coup, though those incentives were shaped by the factors Diamond (1988) highlighted. The second coup was an internal military one, and its entrenchment of military rule signalled the end of civilian rule. The Diamond (1988) explanation does not emphasise internal military dynamics, but the politicisation of the military seems central to the story. Diamond (1988) attributes the success of the first coup to widespread discontent among the electorate rather than to internal ruling coalition dynamics. Geddes, Frantz and Wright (2014:157), in their review of military rule, point out that “civilians with formal powers to constrain military partners cannot really do so". While the officers who launched the first coup may have been influenced by some of the same concerns held by the electorate, coup success was a function of the junior officers' ex ante credibility.

Second, Diamond (1988) offers too thick an explanation.[21] The most compelling explanation is the one that can account for the most variation in the data by appealing to the fewest extra hypotheses. An application of the Svolik (2009) model conforms more naturally to Occam's Razor.

The Svolik (2009) model forces a shift away from electorate-centric explanations in weakly institutionalised LAO contexts. Its application suggests that external constraints – widespread discontent among the electorate, for instance – are secondary to the collapse of the First Republic. External factors partly shaped the incentive structure for the first coup plotters, but they do not explain endogenous motivation of coup plotters or their success.

The analytic narrative below indicates that every coup after July 1966 was launched by Northern insiders to replace other Northern insiders, which renders explanations anchored in the weakness of democratic institutions or the salience of geography and ethnicity inadequate for explaining relative institutional instability.[22]

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[21] See Figure 9.1, for instance, in Diamond (1988:320) for a spaghetti-bowl web of inter-related causal factors.

[22] This is not to say that ethnicity does not matter. As mentioned in the historical narrative above, belief in the idea of an Igbo-designed coup did have ramifications, and in many newly independent nations after World War II, ethnic grievances motivated coups, "especially when one ethnicity dominated the first government but another the army" (Geddes, Frantz & Wright, 2014:150). Nonetheless, a focus on ethnicity as explanation for Nigerian coups appears to be trying to fit the data to the narrative instead of the other way around.

5.9 Gowon, oil and precarious power from 1966 to 1975

Table 5.2 reveals the high degree of variation in the ethnic and regional origin of each of Nigeria's leaders from mid 1966 onwards. Broad analytic categories of ethnicity, religion and region suggest Northern (the Middle Belt is classified as Northern), Muslim domination, but *not* Hausa or even Fulani domination. The crude lumping together of Hausa/Fulani, for instance, seems dubitable, as no head of state has ever been of Hausa origin. Ethnic and geographic background is less elucidating than the prevailing narrative might suggest, as it overlooks the *internal* power struggles within the North.

Table 5.2: The evolution of relative institutional instability from 1966 to 2003

Year	Ruler	Type of Rule	Bookend Events	Ethnicity/Religion/Region
1966-1975	Gowon	Military	Military coups	Angas/Christian/Middle Belt Plateau
1975-1976	Muhammed	Military	Military coup/abortive military coup	Berom/Muslim/Middle Belt Plateau
1976-1979	Obasanjo	Military	Abortive military coup/Election	Yoruba/Christian/Ogun
1979-1983	Shagari	Civilian	Election	Fulani/Muslim/Sokoto
1983-1985	Buhari	Military	Military coup	Fulani/Muslim/Katsina
1985-1993	Babangida	Military	Military coup	Gwari|Gbagyi/Muslim/Middle Belt Niger
1993-November 1993	Shonekan	Civilian	Election/Military coup	Yoruba/Christian/Ogun
1993-1998	Abacha	Military	Military coup/Death in office	Kanuri/Muslim/Borno
1998-1999	Abubakar	Military	Abacha's death in office/Election	Gwari|Gbagyi/Muslim/Middle Belt Niger
1999-2007	Obasanjo	Civilian	Elections	Yoruba/Christian/Ogun

Source: Author compilation, drawing on Siollun (2013, 2009), Falola and Heaton (2008), Bourne (2015) and NewsRescue.com (2014).

Upon coming to power, Gowon immediately repealed his predecessor's Decree No. 34. The repeal signalled a commitment to unity within a federal structure that respected regional differences (Falola & Heaton, 2008). Despite Gowon's conciliatory efforts towards Igbo officers, Lt-Colonel Ojukwu – military governor of the Eastern Region – was committed to Biafran secession (Falola & Heaton, 2008). Gowon was determined to keep the Eastern Region within the federation. In terms of the Svolik (2009) model, he signalled *compliance* with the status quo power-sharing arrangement in the ruling coalition.

Gowon's appeasement efforts towards Ojukwu caused friction with Murtala Muhammed, however, who was convinced that war with Ojukwu's Eastern Region was inevitable: "[a]s Gowon tried to consolidate his political leadership of the country, [Muhammed] lurked in the background as the army's de facto strongman" (Siollun, 2009:127) and was publicly insubordinate. There was no point at which Gowon could purge Muhammed from his ruling coalition, as Muhammed had led the revolt that propelled Gowon to office (Siollun, 2009). Any move against Muhammed would have been observed as a high *diversion* signal by the military elite and undermined the respect that Gowon had from Northern soldiers on whose loyalty he depended for his position.

Historians note that two factions had formed along Northern geographic lines within the army by this stage – one that supported Gowon, mostly consisting of minority ethnicities, and one that supported Muhammed, mostly Muslim and from the larger ethnic groups (Bourne, 2015; Falola and Heaton, 2008; Siollun, 2009). However, rulers like dos Santos and Hussein also had geographically-defined ethnicity to contend with. Unlike them, however, Gowon could not accumulate sufficient power within the ruling coalition to contain the threat that – in this case – was coalescing around Muhammed. Appeals to intra-Northern ethnic fragmentation cannot explain why he failed to do so, nor do they explain why Muhammed did not use the opportunity of war with Biafra to topple Gowon, given that he had always indicated a preference for Northern secession.

The prevailing historical narrative points to the critical juncture of oil rents as informing political calculus at this point:

> The discovery of large deposits of lucrative crude oil in Ojukwu's Eastern Region reinforced the federal desire to maintain a united Nigeria, and to strengthen the powers of the central government in order to obtain and maintain control of earnings from crude oil exports (Siollun, 2009:159).

Falola and Heaton (2008:175) note that Biafra contained 67 percent of the known petroleum reserves in Nigeria in 1967 and subsequently claim that: "The secession of Biafra thus threatened what had the potential to be a very lucrative revenue base for the FMG". Two difficulties arise with this view. First, the idea of a 'federal desire' inadvertently suggests unity in the ruling coalition and overlooks the fragile power-sharing dimension of the relationship between Muhammed and Gowon. Second, as the earlier graph shows, oil only became a significant rent source after the war, and there is little to no evidence that either Ojukwu or Gowon saw access to oil as a primary reason to secede or maintain the federation respectively.

Falola and Heaton (2008) contend that the threat of losing the oil revenue base led to the formation of an unlikely alliance between the North and the West in the federal coalition. Awolowo had been threatening Western secession, which would have blocked Northern access to Lagos and the sea. In a rapid reversal of its position, the North argued for the creation of more states, both within the North and the West. This compromise and its consequent alliance proved "strong enough to preserve a federal Nigeria in the war that was now inevitable" (Bourne, 2015:120). The creation of new states in this manner also unhinged the constitution's guarantee of Northern incumbency (Diamond, 1988). Gowon brought Awolowo into his government as Deputy Chairman of the Supreme Council and Commissioner of Finance (2015:120). However, it seems unlikely that the potential loss of access to oil in the South

(Eastern Region) would have led to stronger ties between the North and the West – the connection appears spurious. A more likely explanation is that Gowon was unwilling to lose the West, a signal of *compliance* towards maintaining the federal status quo, independent of oil being located in the East. Gowon allocated his political capital towards maintaining the federation, leaving little with which to address the Murtala threat.

Efforts to forge a peaceful settlement between Gowon and Ojukwu failed and on 30 May 1967, Ojukwu declared the independence of the Eastern Region and renamed it the Independent Republic of Biafra (Falola & Heaton, 2008). Civil war ensued.

Ojukwu's incentives were shaped by his lack of respect for Gowon as head of state; Ojukwu had indicated his preference for a more senior member of the military to be appointed to that position. Ojukwu framed the war as a fight for Igbo survival (Bourne, 2015) and while Gowon did isolate Igbo territory to impoverish Biafra (Falola & Heaton, 2008), the war was not primarily an ethnic conflict. Further, no evidence supports the idea that Ojukwu desired independence to wrest control of the oil away from the federal state. Similarly, emphasising oil access as a Northern motivation overlooks Muhammed's influential insistence on Northern secession *before* the beginning of the war.

The war ended on 11 January 1970. Ojukwu fled into exile. Between 500,000 and one million people lost their lives (St. Jorre, 1972). Up to three million were displaced. Despite fears of an Igbo genocide, there were no military reverberations after the war. "Gowon kept his word: There was no proscription, no 'Nuremberg trials'. Peace brought pain but mercy too. Many Biafrans returned to Nigeria" (St. Jorre, 1972:412). Nigeria had forged a new unity but faced many old problems. St. Jorre (1972:414) praised Gowon by stating that the war "also threw up the kind of leader the country needed so desperately… his faith, humility and plain good sense played a considerable part in saving Nigeria".

Notwithstanding St. Jorre's (1972) praise for Gowon, the FMG quickly learned that it could ignore the public, as electorate preferences constituted neither a constraint nor positive incentive. Gowon's FMG became as corrupt and bloated a bureaucracy as its predecessor (Falola and Heaton, 2008). At the beginning of Gowon's rule, the Nigerian military employed approximately 10,000 people. Following the civil war, it had ballooned to over 270,000. "As a percentage of the total budget, military spending jumped from 0.2 percent in 1961 to 6 percent in 1970" (Falola & Heaton, 2008:180).

Contrary to the predictions of Nordvik's (2014) model, though, this expansion of military expenditure was more likely a function of prebendalism and fighting a civil war than it was of having to repress contestation over access to onshore oil. Oil only became a primary feature of the Nigerian political economy *after* the civil war. In 1971, Nigeria joined OPEC. "Between 1970 and 1974, Nigeria's earnings from crude oil exports increased by over 500%... Although the oil boom increased the spending power of the federal government, it caused more problems than it solved" (Siollun, 2009:168). The oil boom resulted in widespread corruption on the part of the government officials responsible for the collection and allocation of revenues and led to the development of a 'rentier state' in Nigeria.[23] The federal government established institutional mechanisms through which it attempted to control oil revenues. In 1971 it established the Nigerian National Oil Company (NNOC) to supervise oil extraction and provide guidelines to the multinational corporations that carried out the production. By 1976

[23] The vast bulk of government revenue since the 1970s has come from 'rents' paid to it through licenses and royalties from the multinational petroleum corporations such as Shell, BP, Fina, and Agip.

the NNOC was merged with the Ministry of Mines and Power to form the NNPC (Falola & Heaton, 2008).

Unlike Sonangol, however, the NNPC was never efficient. The “NNPC is neither a real commercial entity nor a meaningful operator” (Thurber, Emelife & Heller, 2010:5), as it is unable to control the revenue it generates and therefore cannot set its own strategy. It is the diametric opposite of what Sonangol was under dos Santos’ iron grip. Thurber, Emelife & Heller (2010:5) diagnose that the NNPC’s “portfolio of activities is too diverse, incoherent and beyond the reach of government control for it to function as a government policymaking instrument”. Dos Santos, to the contrary, used Sonangol to forge a shadow state that rendered formal institutions inconsequential and entrenched his rule. While the NNPC functions productively as an instrument of patronage distribution, it has never channelled rents directly towards an aspirant ruler to complement a power-acquisition strategy. This is an overt and often underplayed differentiator that helps to explain divergent autocratic outcomes between Nigeria and Angola.

Typical of the oil curse in the absence of strong institutions and empowered citizens (Wenar, 2015), the oil boom of the early 1970s created a small elite of powerful oligarchs in Nigeria and a “patronage system amongst senior military officers, their families and their civilian associates” (Siollun, 2009:169).

Gowon, on 1 October 1974, promised a return to civilian rule by 1976 but kept delaying. In the midst of “corruption scandals, unpopularity of the military governors and civil discontent about another delay of the return to democracy” (Siollun, 2009:173) an opportunity emerged for disaffected officers to depose Gowon. On 29 July 1975, Gowon was ousted in a bloodless coup led by his commander of the Brigade of Guards (the unit responsible for Gowon's personal security) – Colonel Joe Garba. His relatively more successful counterpart, Idi Amin, informed Gowon of his fate at an OAU meeting in Uganda.

Most of the coup plotters had participated in the 1966 countercoup that had catapulted Gowon to power, fought in the civil war, and felt excluded from the inner circles of power and patronage. Civilian discontent was not the reason for the collapse of Gowon's regime, just as it could not account for the failure of the First Republic. Rather, that discontent served as a useful cover for officers loyal to Muhammed to credibly launch a coup.

The coup-plotting colonels decided that Brigadiers Muhammed, Obasanjo and Danjuma would form a troika at the head of the new regime. They conveyed to Muhammed that he would be the new head of state but that decisions could only be taken that had backing from a majority of SMC members. Muhammed reluctantly agreed but stated that he would not be dictated to by those who had brought him to power. He took over as head of state on 30 July 1975, and immediately "dismantled the apparatus of Gowon's governing regime and removed his key men" (Siollun, 2009:183).

5.10 Obasanjo the military ruler to Obasanjo the democrat: 1975 to 2003

Muhammed made Brigadier Obasanjo his new chief of staff at Supreme Headquarters. Danjuma became the new army chief of staff. A new SMC was formed, which included Danjuma, Obasanjo, Yeshu Yar'Adua and Babangida. Muhammed also appointed new military governors. Muhammadu Buhari became governor of the North-East state. "Murtala

[Muhammed] was Nigeria’s first military strongman” (Siollun, 2009:191). Where his predecessors had ruled by consent among the ruling coalition, Muhammed ruled by decree.

On Friday 13 February 1976, Muhammed was assassinated in an abortive coup, Nigeria’s fourth in 16 years, by Middle Belt soldiers. Babangida, Muhammed’s protégé – recently promoted to full colonel – had also been marked for elimination but managed to escape. Lt-Colonel Dimka, a close friend of Babangida’s, announced the coup from the National Broadcasting Corporation (NBC). A number of other coup plotters also turned out to be close friends and colleagues of Babangida’s. Dimka confessed to Babangida that the plotters resented his appointment to the SMC. Major Clement Dabang, also a close friend of Babangida’s, had convinced the other coup plotters that Babangida’s elimination was crucial for coup success. “This experience of being marked for death by his friends implanted a security conscious paranoia in his psyche which would last for several decades” (Siollun, 2013:1296–1306). Ironically, The Chief of Army Staff, Lt-General Danjuma, sent Babangida to suppress the coup and dislodge Dimka from the NBC radio station. Dimka, sensing that the coup was a failure, allowed Babangida to enter. He begged for amnesty but was later tried and executed (Siollun, 2013).

The ruling coalition remained intact. The SMC appointed Obasanjo to succeed Muhammed as head of state. The SMC made Yar’Adua the new chief of staff. Three years after the 1976 coup, Obasanjo returned the country to civilian rule, keeping Muhammed’s promise of a rapid return to civilian rule and “marking the end of thirteen years of military rule with the establishment of the Second Republic” (Falola & Heaton, 2008:201).

The 1979 election brought Shehu Shagari to power as leader of the National Party of Nigeria (NPN). Falola and Heaton (2008:201) write that: "The Second Republic quickly proved itself to be unequal to the challenges of securing the hoped-for truly 'national' governance outlined in the [1978] constitution". Oil rents exacerbated the instability of the patronage system, which had developed during the military regimes of the 1970s. This "made for a volatile mix that resulted in severely irresponsible governance and rapid economic decline between 1979 and 1983" (Falola & Heaton, 2008:202).

Confirming the point that oil wealth volatility exacerbates relative institutional instability, rather than causes it, Bourne (2015) notes that the economic mismanagement was attributable to the government being misled into extravagance when the oil price doubled from $19 per barrel in 1979 to $38 per barrel in 1981. Prices then crashed, and GDP fell by 8.5% in real terms over the following two years. Consumer prices rose by over 20 percent over the same time. The IMF had started to call for a structural adjustment programme because debt grew out of control as foreign currency reserves were depleted. Poorly managed parastatals continued to expand. In April 1982 the government introduced an austerity programme through restricting the official money supply and imposing import controls. This created opportunities for the corrupt misuse of importing licences. The upshot of the Shagari government's economic mismanagement was that between 1980 and 1984, "real income of urban households declined by 34 percent" (Bourne, 2015:147).

On 31 December 1983 the military overthrew Shagari, with Brigadier Sani Abacha announcing the formation of yet another FMG. Muhammadu Buhari was inaugurated as the new head of state on 1 January 1984. In similar vein to Obasanjo before him, Buhari justified the coup on the grounds of correcting corruption, economic mismanagement, and election rigging. Bourne

(2015) contends that the failure of the Second Republic was attributable to the fraudulent elections in October 1983. More likely, however, is that Shagari failed to retire the small group of army generals such as Babangida and Buhari that had been involved in every coup in Nigeria's post-independence history. Babangida is now understood to have been the primary architect of the 1983 coup, adept at concealing the plot from Shagari (Siollun, 2013).

The success of previous coups emboldened the military to the point where Siollun (2013) contends that the coups of the 1980s were not planned or executed in response to political events. Rather, they were premeditated, and their planners were sufficiently patient to wait for the right political circumstances that would justify a coup in the eyes of the public (Siollun, 2013).

The Buhari government of 1984 was a continuation of the Murtala/Obasanjo government that had preceded Shagari. As part of its anti-corruption efforts, the new FMG closed all borders, and arrested and detained approximately 475 politicians and businessmen on charges of corruption. Amongst the detainees were former President Shagari, Vice-President Ekwueme and Emeka Ojukwu, who had recently returned to Nigeria and joined the ruling NPN after over a decade in exile (Siollun, 2013).

> What Nigerians could not have guessed, as they listened to Buhari speaking on the radio on New Year's Day, 1984, was that they were starting on a 15-year course of military dictatorship, including the harshest and most corrupt the country has ever faced (Bourne, 2015:156).

Buhari became increasingly repressive. Civil society soon detected the hypocrisy of his rule. Festus Marinho, the managing director of the NNPC under Obasanjo, for instance, was reinstated despite having lost his job due to a judicial inquiry (in 1980) into N2.8bn that had disappeared (Bourne, 2015) under his watch. This undermined Buhari's credibility in the eyes of civilians and removed the expedient cover that civil discontent typically provided for military coup plotters. Moreover, Buhari failed to take his personal security seriously and ignored his SMC instead of purging those likely to form a credible coup threat.

Buhari was deposed by a bloodless coup on 26 August 1985. Military officers arrested him and detained him for two years. He was replaced as head of state by Babangida. Babangida proved to be Buhari's vizier. He was competent and appeared loyal, and the two were friends. Buhari never took steps to eliminate Babangida's influence and paid the price. Like some of his predecessors, he ignored intelligence reports that he was likely to be toppled. By all accounts, Babangida was positioning himself for the presidential post, and his fellow coup plotters calculated that they could publicly sanction actions that would damage Buhari's popularity and capitalise on this public dissatisfaction to rationalise the coup (Siollun, 2013).

Babangida's "rise to power was followed by the customary purge of personnel whose loyalty could not be guaranteed" (Siollun, 2013:1518–1519) and by playing musical chairs with SMC appointments. He was the first Nigerian head of state to take his personal security seriously. He was the most successful coup plotter in Nigeria's history, and had also helped to suppress the failed coups. Having come to power through a military coup himself, he never grew complacent (Siollun, 2013). Svolik (2009:493) writes that "dictators who came into power through a revolution or a coup and destroyed pre-existing political institutions may be less constrained in their pursuit of power than those who must regularly consult a governing council with established decision-making procedures". Babangida was indeed less subject to constraints than his predecessor.

Babangida's military intelligence detected a coup plot in December 1985 led by Major-General Mamman Vatsa, a close friend of Babangida. The plot was infiltrated and upended. Siollun (2013) records that the evidence presented against Vatsa during the military tribunal – and those sentenced to death – was hardly incontrovertible. The injustice appears to have been condoned by Babangida to signal the consequences to other would-be coup plotters.

In 1986, to address growing economic challenges in Nigeria, the Babangida regime imposed its own version of a Structural Adjustment Programme (SAP) to avoid having to approach the IMF for a loan and become subject to its conditions of transparency and accountability. Historians admit that there were a number of positive consequences to the programme, but unemployment levels rose because of inflation, austerity, and a reduction in fuel subsidies. Consequently, public discontent grew, alongside "Babangida's willingness to use repression and violence to suppress his critics. All protest activities were met with violence" (Falola & Heaton, 2008:223).

The Movement for the Survival of the Ogoni People (from the Niger Delta), established by Ken Sarowiwa, whose resistance activities against the federal government included sabotage and oil theft, had a major impact on output and reduced federal revenues. The inefficiency of the state-owned NNPC only exacerbated the problem (Bourne, 2015).

Babangida announced in 1986 that he intended to transition to civilian democratic rule by late 1990. But he manipulated the transition process by moving timelines, "and frequently banning and unbanning politicians and government officials from taking part in the political process" (Falola & Heaton, 2008:224). He proved willing to use any pretext to derail the transition process and maintain his own position.

Babangida "fastened his hands" more tightly to power than any of his predecessors (Siollun, 2013:2357). In his eight years as head of state, despite loading his security apparatus with loyalists and purging threat nodes, he failed to acquire a sufficient amount of power to achieve dictatorship. His tenure was punctuated by three failed coups, the first of which occurred only months after he assumed power. Little known, a second coup was plotted in 1987 but never launched. The same plotters tried again three years later, but were ruthlessly suppressed by Abacha (Bourne, 2015).

Babangida publicly thanked Abacha for thwarting the coup, though he was initially fearful that Abacha was behind it. He promoted Abacha to a four-star general (the first non-head of state to ever hold that position) who served as Defence Secretary and Chairman of the Joint Chiefs of Staff. Abacha became the de facto leader of the Nigerian military. The press dubbed him "The Khalifa" (kingmaker) (Siollun, 2013:3270). Abacha remained at Babangida's side through numerous purges of his coalition members, including a complete sacking of the Armed Forces Ruling Council (AFRC) – the body that had replaced the SMC at Babangida's behest – in 1989. Like Muhammed under Gowon, Abacha acted as a man invincible, and in 1991 refused to move from Lagos to Abuja when Babangida moved the seat of government there. By cultivating his own network of loyal officers in Lagos, he devolved some of Babangida's power to himself, creating rival networks of military loyalty in Lagos and Abuja. Despite Abacha's increasingly volatile behaviour, Babangida treated him with kid gloves (Siollun, 2013).

Dos Santos eliminated potential threats early on in his rule. Both Gowon and Babangida failed to purge Muhammed and Abacha respectively, which accounts for their comparatively short tenures.

By 1993, Babangida appeared to have accepted that he should stand down. Like dos Santos in 1992, he allowed elections. However, the two parties that ran for office – the Social Democratic Party (SDP) and the National Republican Convention (NRC) – were inventions of the FMG (Bourne, 2015:182), "parties created in the military's own image" (Siollun, 2013:4198). The FMG funded the parties and wrote their constitutions and manifestos, all with a view to having one party slightly to the left, and one slightly to the right (Siollun, 2013).

Moshood Abiola won the SDP state primary in March 1993. Bashir Tofa won the NRC state primary. The presidential election was set for 12 June 1993. Bourne (2015:184) writes that "enough had come out from the Independent National Electoral Commission and the press to make it clear that the SDP had won over 8.1M votes to the NRC's over 5.8M". Abiola ought to have been declared the winner. His win, however, initiated a struggle within the military hierarchy between three groups. The first favoured Abiola's win. The second were in favour of a continued Babangida regime. The third favoured Abacha.

Babangida annulled the election result 11 days later, "citing several preposterous justifications" (Falola & Heaton, 2008:227), which resulted in an explosion of protests, riots, and demonstrations. Military suppression proved insufficient to contain them. On 26 August 1993, Babangida transferred "power to an 'Interim National Government' [ING] of civilians with Abacha as the sole military member and Ernest Shonekan as its chairman" (Bourne, 2015:184–185).

Svolik (2012) writes that even in dictatorships with elections, the real competition for power takes place elsewhere. In Putin's Russia, for example, the struggle for power takes place among competing factions of former KGB officers within the government. In Nigeria, similarly, Babangida appears to have predetermined that he would declare the elections null and void and move Shonekan into power. The military declared that it would only cede power to new leaders with no links to the banned parties or politicians of the past. It essentially tried to manufacture its own successor (Siollun, 2013) in the form of Shonekan, who was perceived as a puppet controlled by Babangida. None was more suspicious about Babangida's intentions than Abacha.

On 17 November 1993, Sani Abacha wrested power from Shonekan through another coup. He dissolved the ING and declared himself head of state and commander-in-chief of the armed forces (Falola & Heaton, 2008). Abacha began his rule by sending Babangida's closest military advisers into retirement. He suspended the SAP measures that the Babangida regime had implemented incompletely. Abiola – the rightful winner of the elections – praised Abacha as a man of reason. Perhaps he expected a return to civilian rule and personal reinstatement. Abacha had no intention of ceding power, though, and immediately abolished all existing institutions of the Third Republic, including the state and national assemblies, the regional governorships and the electoral bodies. He banned all political parties "and embarked on a campaign to eliminate all opposition to his rule" (Falola & Heaton, 2008:230). In response, Abiola declared himself president in 1994 and even held an inauguration ceremony in Lagos. For his troubles, he was detained without bail pending trial. The trial was a farce and Abiola was held in indefinite detention until his untimely death in 1998.

Abacha "incarcerated and detained any military officer or civilian he considered a threat, sometimes going so far as to invent coups against himself in order to accuse opponents of orchestrating them" (Falola & Heaton, 2008:230). He sent Obasanjo to prison in 1995 for an alleged coup, a clear act of diversion to purge potential coup threats. Obasanjo, Yar'Adua and 14 others were sentenced to death (Bourne, 2015) by a farcical military tribunal. Under significant international pressure, the death sentence was annulled. Obasanjo's sentence was reduced to 15 years.

Further entrenching his reputation for brutality and repression, Abacha had Ken Saro-Wiwa executed along with eight others (known as the Ogoni Nine) on 10 November 1995 for their role in the Niger Delta rebellion. Abacha's strategy to achieve dictatorship was not only to eliminate rivals, but also to subvert 'democratic' institutions to serve his ambitions. In response to demands for a return to civilian rule, he invented five "bogus parties, from praise-singers to those who profited from the government, all of which would nominate him for an elective presidency" (Bourne, 2015:195).

Before the transition could materialise, "Abacha was found dead from an apparent heart attack on the morning of June 8, 1998" (Falola & Heaton, 2008:234). He had reportedly been ill for at least a year prior to his death, although poisoning was widely suspected (Bourne, 2015:199). Abacha's inner circle in the FMG transferred power to General Abdulsalami Abubakar. Abubakar became the head of state on 9 June 1998. He dissolved the five existing political parties, released many who had been detained and imprisoned by Abacha, including Obasanjo and Yar'Adua, and set in motion a transition to civilian rule.

Abubakar aimed to have a civilian president inaugurated on 29 May 1999. It was a swifter transition than even Obasanjo's had been two decades earlier. Obasanjo's 1979 and Abubakar's

1999 transitions to civilian rule defy the assumptions of the Svolik (2009) model.[24] While the second transition in particular marked a critical juncture in Nigeria's history that led to a power-alternating election 16 years later, the immediate post-Abacha era was characterised by contested autocracy and – as the next chapter makes clear – a failed attempt by Obasanjo to achieve dictatorship within a dominant-party context.

The presidential election took place on 27 February 1999. Obasanjo won 62 percent of the vote under the PDP. He defeated Olu Falae (the candidate for the coalition between the southwestern Alliance for Democracy (AD) and the Abacha-aligned All People's Party (APP)) convincingly. The vote was rigged. Obasanjo was sworn in as the first civilian president of the Fourth Republic on May 29, 1999 (Falola & Heaton, 2008). It turned out that Babangida had approached Obasanjo as early as June 1998 to stand for the presidency. He had military backing and was perceived both as "coup-proof" (being an experienced coup-plotter himself) and sufficiently capable of representing Northern interests (Bourne, 2015:203).

In the first four years of his rule, Obasanjo introduced an Anti-Corruption Bill, and cancelled 1,684 contracts out of the 4,072 that had been signed by the Abubakar regime. He also sought to recover the looted cash from the Abacha regime, in the region of $6 bn.[25] Obasanjo also

[24] Geddes, Frantz and Wright (2014:158) note that while Svolik's (2009) assumption that autocrats tend to cling to power at all costs largely holds, "some coups against military rulers are motivated by the desire to return power to civilians". This is true of the coup that inadvertently brought Obasanjo to power – he continued with his predecessor's plans to transition towards civilian rule. However, Geddes, Frantz and Wright (2014:158) also write that "outgoing members of military regimes do not typically run in transitional elections," which clearly does not describe the Nigerian situation well, with both Obasanjo and Buhari respectively competing in civilian elections many years later and winning. Obasanjo therefore remains a puzzle for future research to explore. Similarly, Abubakar's approach seemed to reflect only a desire to return Nigeria to civilian rule. This was a major hinge in Nigeria's evolution towards a more competitive LAO trajectory and also requires further game theoretic exploration.

[25] Shortly after his death, Maryam Abacha (Sani's widow), "was stopped en route to the airport in Abuja with 38 suitcases, many loaded with cash. This was the start of a continuing effort by Nigerian authorities to retrieve the ill-gotten gains of the greediest head of state in the country's history" (Bourne, 2015:200).

moved to protect human rights. In 1999, he launched a National Human Rights Commission after the fashion of South Africa's Truth and Reconciliation Commission (TRC) to investigate human rights abuses from 15 January 1966 to 28 May 1999 (Bourne, 2015).

Falola and Heaton (2008:236) write that while "the annual per capita income in Nigeria rose from $280 in 2000 to $560 in 2005, most of this increase has padded the pockets of those who were already financially secure". Corruption continued despite the de jure institutional attempts to address it, and "the poor and rural communities saw little improvement in their everyday lives while Obasanjo was in power" (Falola & Heaton (2008:236). Obasanjo's commitment to human rights was also tainted by a brutal military response to a 1999 uprising in the Niger Delta in Odi in which between 43 (government version) and 2,483 (NGO version) were massacred (Bourne, 2015).

Leading a more contested polity – two decades after he voluntarily relinquished military rule – proved challenging. Under the federal system, the Senate and National Assembly could block the president's plans. The constitution also awarded significant powers to the states and their governors, although all depended on revenues from the central government. Obasanjo intervened at all levels in the federal system, however, and ignored the courts when it suited him. Although "the president had first run for office on an anti-corruption ticket, opaque financial manipulations lay behind the PDP strategy for winning elections" (Bourne, 2015:215–216) and members of his own family became embroiled in corruption allegations. The House of Representatives became so incensed with his dictatorial tendencies that it called on him to resign in August 2002 by threatening impeachment. The power of incumbency was sufficient to overcome this threat, though, and in the 2003 national elections, the official results gave Obasanjo and his PDP 61.94% of the vote, and 32.19% to Buhari's All Nigeria People's

Party (ANPP). Two years later, 26 percent of Nigerians who voted claimed that they had been bribed (Bourne, 2015:217).

5.11 Discussion

The dominant explanations for Nigeria's relative institutional instability in the literature pivot around oil-fuelled prebendalism along geographically determined ethnic lines, or the problem of ethnic fragmentation in the context of oil abundance. I argue that these provide useful descriptions of Nigeria's instability and underperformance, but not good explanations.

Prebendalism, for instance, provides an insightful description of the equilibrium state in Nigeria by the end of 2003 (Joseph, 1987). Under prebendalism, corruption became normalised – many citizens became reluctant to object to corruption for fear of jeopardising their turn to receive patronage. Clients incited their patrons to disproportionately distribute government finances to them. "Public officials who refuse to partake risk being ostracised by their own family and community. Failing to use public office to amass wealth is seen as failing to fulfil a moral obligation to help one's community" (Siollun, 2013:3667–3683). For all its descriptive aptitude, prebendalism does not illuminate the explanatory importance of power-sharing dynamics between the executive and the members of his ruling coalition. Angola is equally afflicted by prebendalism but has only had one coup attempt since independence.

On ethnic fragmentation in oil-rich contexts as an explanation for institutional instability, anecdotal evidence suggests that the combination of natural resources and ethnicity has spurred violent separatist conflicts in the Niger Delta and informed the Cabindan separatist movement in Angola respectively. "Within fractionalised societies, resources such as oil may increase the potential for ethnic violence by generating identity-based grievances and providing selective incentives in the form of prospective resource income" (Wegenast & Basedau, 2014:438). These authors also argue that the combination may increase the risk of onset of armed conflict between ethnic groups beyond additive, independent effects of both ethnicity and resources. The Cabindan separatist movement was ethnically driven, and some of the Niger Delta conflict may have been ethnically driven, but this does not explain how dos Santos consolidated power and became an established dictator, or why no aspirant Nigerian autocrat could emulate him.

Ethnic fragmentation does not easily explain relative stability and instability. While the initial ethnic balance of power in the federal structure may have been instrumental in shaping coup-plotters' incentives, it cannot account for repeated coups *within* a Northern-dominated ruling coalition, especially after mid-1966. The lens afforded by the Svolik (2009) model shows that ethnic fragmentation is coincidental to the primary explanation.

Notwithstanding minor deviations, the equilibrium condition of contested autocracy persisted in Nigeria from 1960 to 1998. We now have a better idea not only of why Angola and Nigeria have experienced different political outcomes, but we can explain – as Svolik sets out to – why some autocrats last only a few months in office while others endure for decades.

The value of this comparative analytic narrative is that the model – having been informed by the research question and the relative history of each case – does the 'heavy lifting', partly by assuming that "institutions, other structural characteristics such as ethnic divisions or the size of the peasantry, and immediate political circumstances enter rational choice arguments as factors that shape second-order preferences (that is, strategies employed to attain goals)" (Geddes, 2003:177). The argument results in probabilistic predictions and explanations, which allows for some slippage (like Obasanjo and Abubakar's willingness to relinquish power against all expectations in 1979 and 1998 respectively).

In focusing on the internal dynamics of the elite bargain – the power-sharing relationship between the dictator and his ruling coalition – the model provides explanatory leverage to the question of why some dictators stay in power for decades and some for only months. Insufficient focus has been directed here in the past.

5.12 Conclusion

This chapter traced the uneven evolution in Nigeria's political economy from independence in 1960 to the end of Obasanjo's first term in 2003. The relative instability is explained by the nature of the relationship between successive autocrats and their ruling coalitions. Five important comparative points emerge in relation to the previous chapter.

First, oil rents exacerbated relative institutional instability but did not cause it. By the time oil rents became a significant factor in Nigeria's political economy, there had already been two military coups and a civil war. Access to oil may have shaped the strategies that Northerners employed to stay in the federation, and keep the South in too, but access to oil rents were not primary features of the pre-1971 conflict. The Niger Delta conflict over oil and its externalities only plagued rulers' ambitions after two decades of military rule. In Angola, contestation over access to oil rents may have triggered civil war, but sole access to them helped dos Santos to win the civil war. However, they do not explain how dos Santos managed to achieve dictatorship. The comparative application of the Svolik model reveals that the *presence* of oil rents does not explain relative institutional stability. Rather, the extent of the aspirant ruler's *control* over them matters far more than whether a country simply possesses voluminous oil resources. Whether the ruler can employ oil rents to increase his diversionary power (or not) *within* the ruling coalition – through a complementary combination of co-optation and repression (Svolik, 2012:522) – determines the relative achievement of dictatorship in oil-rich contexts.

Second, external forces were of little direct influence in shaping Nigeria's political economy post-independence, whereas Cold War dynamics played a larger role in Angola. Nigeria did, however, inherit a colonial institutional construct, with ethnic and geographic heterogeneity, and its attendant instability, built into the constitution from the beginning. Nonetheless, as has been shown, this cannot account for the relative inability of any Nigerian ruler to achieve dictatorship. Dos Santos also came to power in a highly unstable context, but he played the game differently and made the rare transition from contested to established autocracy despite geographically determined ethnic fragmentation. Angola's inability to form a Nigeria-type federation in 1975 may inadvertently have complemented dos Santos' strategy in that it meant he had fewer internal coalition dynamics to consider in acquiring power and preventing coups.

Third, the game proposed by Svolik (2009) can account for the variation in the duration of aspirant dictators' tenures and the stability of authoritarian ruling coalitions (Svolik, 2009, 2012) over time in Nigeria as well as it did in the Angolan case. In the spirit of analytic narrative, the application of the theory to the data has enabled a rich critique of existing explanations for this instability. Superficially, the inherited ethnic fragmentation built into the federal structure seemed to explain the first coup and those thereafter. But the application of the model elucidated that while ethnic loyalties were exploited and may have informed the respective strategies to attain diversionary power (for the leader) or prevent it (for the members of the coalition), the first coup was in fact multi-ethnic. The counter-coup was driven by Northern interests, but it was also a response to power-grabbing moves by Ironsi. The coups that toppled Gowon and Muhammed were a function of fragile power-sharing institutions within the ruling coalition. Obasanjo's act of returning Nigeria to civilian rule is not easily explained by the model. Shagari, a Northerner, ends up being ousted by Buhari, a Northerner, replaced by Babangida, also a Northerner. Babangida is eventually forced to relinquish power to civilian rule, but Abacha (a Northerner) capitalises on the disorder created by Northerners. In eradicating all formal institutions reflective of any political inclusion of outsiders, Abacha exemplifies the aspirant ruler who would have achieved dictatorship had he not died in office. He took early and potent steps to cement his rule and prevent the probability of a successful coup being launched by Northern insiders. He is the only strongman in Nigeria not to have been toppled by a coup. Death in office is a luxury that Svolik (2009, 2012) suggests happens only to those leaders that have attained dictatorship. That Abubakar after Abacha returned the country swiftly back to civilian rule under Obasanjo's leadership is again not easily explained by the Svolik model. However, Obasanjo was a former military leader, leading a civilian party that had been invented by the FMG to continue protecting Northern interests. And, as will be shown later in the thesis, Obasanjo attempted to subvert the institutions resurrected after Abacha's death to acquire more power and transition to uncontested autocracy under civilian 'democratic' institutions. His inability to do so may be because private business interests were becoming more powerful, even during Abacha's regime, imposing external constraints on the ruling coalition that had been absent until then. This is a subject that will be examined in more depth in the closing chapters. Overall, however, the model accounts for details in the historical narrative that are too easily overlooked if the conventional explanations of geographically determined ethnicity and oil-fuelled prebendalism are privileged at the expense of analyses that emphasise internal ruling coalition dynamics.

Fourth, as the next chapter will elaborate, no Nigerian ruler could transform the NNPC into a productive, autocratic consolidation tool in the way that dos Santos did with Sonangol. Possibly as a result, oil rents in Nigeria did not serve to strengthen dictatorial ambition and failed to aid transitions from contested to established autocracy by suppressing challenges from future autocrats, as Wright, Frantz and Geddes (2013) suggest is how oil rents are generally employed.

Fifth, no Nigerian leader except Abacha managed to subvert or eradicate institutionally established power-sharing mechanisms to cement their tenure. Dos Santos secretly diminished the importance of existing power-sharing structures within the MPLA and elevated others. The probability of successful power-sharing was decreasing in the autocrat's power. In Nigeria, no evidence exists of such subtle manoeuvring. Most power-grabbing moves by aspirant rulers were detected as high signals and coups were often ex-ante credible, except for the few quelled by Abacha during Babangida's reign.

Having answered the question of why one manifestation of the oil curse – the strong association between oil rents and authoritarian rule in weakly institutionalised contexts – manifests as chronically contested autocracy in one case but established dictatorship in another, the next chapter shows why oil-for-infrastructure deals were more likely to be struck in Angola than Nigeria. It challenges the notion that higher levels of political inclusion produce a higher probability that development deals will be struck.

CHAPTER SIX

WHY ASIAN OIL-FOR-INFRASTRUCTURE DEALS SUCCEEDED IN ANGOLA BUT FAILED IN NIGERIA

6.1 Introduction

This chapter examines why oil-for-infrastructure deals between Nigeria and Angola and ANOCs failed in Nigeria but succeeded in Angola. ANOCs began to secure oil blocks in Nigeria and Angola between 2004 and 2007. Asian companies had sourced African oil prior to 2004, but only through futures contracts or on the spot market, not through controlling production themselves. A 2009 Chatham House report argued that the differential outcomes could only partly be explained by politics (Vines et al., 2009). The report recognised the problem of leadership instability, explained in the previous two chapters: “President José Eduardo dos Santos celebrate[d] his 30th year as President of Angola in 2009; in stark contrast, Nigeria has had eight different leaders during those thirty years” (Vines et al., 2009:vii). It also argued that the deals were

> about more than predictable politics… The report highlights the need for more case studies on the subject of Asian involvement in individual resource-rich African countries in order to better understand [the intricacies of doing business in places like Angola and Nigeria] and the way African host governments respond (Vines et al., 2009:vii).

This chapter is a contribution to that end.

I begin by providing three mutually supportive and interacting hypotheses for why the deals succeeded in Angola and failed in Nigeria, followed by a framing context for examining the deals. Second, I describe the relevant historical oil-related institutional context that foreshadowed the 2004-2007 deals. Third, I detail the deals chronologically, evaluating them vis-à-vis the hypotheses. Fourth, I apply the Svolik (2009) model to explain how the deals reduced the constraints on the dos Santos regime and led to the building of some development-enhancing infrastructure, whereas in Nigeria they funded Obasanjo's attempts to expand his diversionary power within the ruling coalition. This failed, fomenting the deals' subsequent collapse. The model adequately accounts for why the deals succeeded in Angola and failed in Nigeria.

6.2 Framing hypotheses and context

- H_1: The differential outcome from the deals reflects the varying quality of the institutional arrangements in each country for engaging foreign investors.

Angola had a more coherent and capable focal point in Sonangol than Nigeria had in its national oil company, the more fragmented NNPC. Sonangol was carefully crafted as Angola's rent machine, a continuation of its Portuguese predecessor. In Nigeria, the NNPC had never functioned coherently.

- H_2: Differential institutional quality between Angola and Nigeria's focal points (H_1) resulted in differing commitment credibility over time, which partly accounts for deal failure in Nigeria.

- H_3: Divergent political economy trajectories and political settlements account for the differences suggested in H_1 and H_2.

In this chapter, I use the critical junctures of Savimbi's death (2002) and the beginning of Obasanjo's second term in office (2003) respectively to show that oil-for-infrastructure deals are more likely to be struck under conditions of "dominant discretionary" rather than "personalised competitive" (Levy, 2014:16–18) political settlements along the LAO continuum (NWW, 2009; North et al., 2012), *if* the dominant leader or party has sufficient commitment credibility to honour investment contracts.

The post-2002 era coincided with the geopolitical rise of China. Since re-entering the international market and joining the World Trade Organisation (WTO) in 1995, China's economy has grown exponentially. Energy-intensive industrialisation post-1990 fuelled Chinese growth, with oil consumption rising 100 percent between 1996 and 2006 (Vines et al., 2009:11). China's foreign policy, aligned with its economic plan, was strategically geared towards energy security (Shambaugh, 2013). African oil provided a large part of the solution. Shambaugh (2013:110) recorded that in 2013 oil comprised "80 percent of African exports to China (Angola accounts for 37 percent of China's oil imports alone)".

For Angola, China represented a new partner that could relax the tightening post-war IMF conditionality constraints (Hodges, 2004:167–169). Oil-for-infrastructure deals (dubbed 'Angola-mode' by the World Bank) constituted a new rent source for dos Santos to further cement his autocracy and rebuild shattered infrastructure. China was not the only Asian player in Angola and Nigeria at the time, and other Asian oil companies competed in Nigeria. But Chinese companies out-competed their Asian counterparts in Angola (Vines et al., 2009). While the deals also offered a potential additional rent source for Nigeria, the Obasanjo regime failed to manage them, and they fell through. This requires explanation.

By 2003, Nigeria was more politically inclusive and competitive than Angola. Obasanjo had voluntarily surrendered power in 1979 (as a military ruler) and then won elections in 1999 and 2003 (as a civilian). A number of economists argue that political inclusiveness leads to more favourable long-run development outcomes (Acemoglu & Robinson, 2006, 2012, 2017; Acemoglu et al., 2014; AGR (2014); Levy, 2014; Nunn & Trefler, 2014; NWW, 2009). Despite its relative openness, however, Nigeria has not been able to translate its oil wealth into broad-based development (Sala-i-Martin and Subramanian, 2013). Its political and economic institutions have not moved beyond personalised forms of exchange (Hallward-Driemeier and Pritchett, 2015; Jackson and Rosberg, 1984; Levy, 2014) towards the doorstep conditions that NWW (2009) posit are necessary for transitioning from an LAO to an OAO.

In Angola, on the contrary, the relative lack of openness allowed more effective deal-making.[26] The design and quality of the infrastructure has produced a "spectacle of reconstruction" (Soares de Oliveira, 2015:51); its development value appears to be lower than its political value, but it is nonetheless surprising that Asian oil companies detected greater levels of intertemporal commitment credibility in Angola than in Nigeria.

The competence of Sonangol and dos Santos' need to compensate fewer elites led to greater intertemporal commitment credibility. In Nigeria, using the deals to fund a power-grab backfired. The signal was detected by members of the ruling coalition who used their power in the Senate to block Obasanjo's efforts to acquire more diversionary power. The ANOCs were inadequately equipped to respond to Nigeria's unstable political context.

[26] This is not to say that the deals were unequivocally positive for attaining improved development outcomes. The way that they were structured meant that a handful of elites, and dos Santos himself, benefited disproportionally. While some infrastructure was built that perhaps otherwise would not have been, the deals served to provide a route out of transparency for dos Santos and helped him to cement his autocracy in a post-war era. This was probably developmentally destructive for the majority of Angolans in the long run.

This chapter aims to elucidate a reliable mechanism for explaining and predicting the success or failure of deals in politically different but similarly oil-dependent contexts, given that development practitioners may reasonably have expected the deals to be struck in Nigeria but not in Angola.[27]

6.2.1 The Angolan context

Angola hit a debt crisis in 1985 with the crash in oil prices (see Figure 6.1 for oil revenue comparisons with Nigeria from 1985 to 2007). Between 1985 and 1995, the debt rose from less than \$3bn to more than \$11bn. Angola began to default on its debt-service payments despite higher oil prices after the 1985-1986 crash (Hodges, 2004:162). The debt crisis created the habit of mortgaging oil resources for import financing.

Angola applied to join the IMF in August 1987 and was admitted in September 1989. The IMF in turn demanded increased transparency, given that "the complex triangular relationship between Sonangol, the Treasury and the central bank ha[d] created a black hole for the country's oil revenues, akin to the famed Bermuda Triangle" (Hodges, 2004:142). Angola avoided these demands, aided by steadily increasing oil revenues from 1991 to 1997.

[27] If they had not read the first two chapters of this thesis.

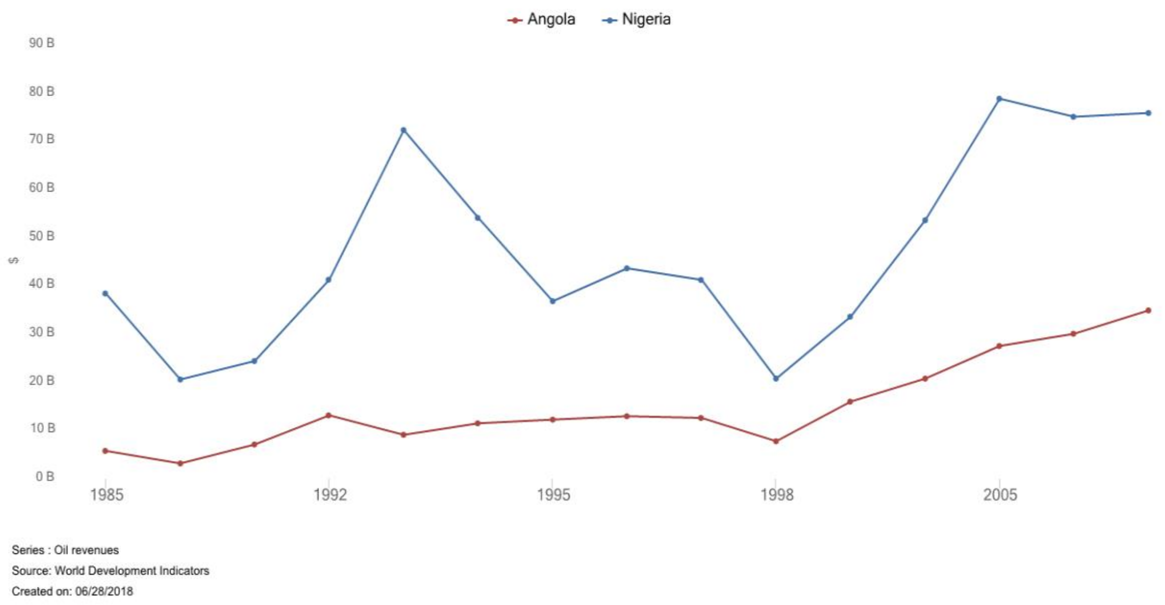

Figure 6.1: Oil revenue comparison between Angola and Nigeria, 1985 to 2007

(Note: The custom variable in the graph is *oil rents (as % of GDP)* multiplied by *GDP in constant US$2010*.)

Source: World Bank (2018)

By 2000, the oil sector accounted for 61 percent of Angola's GDP, 89 percent of government revenue and 90 percent of merchandise exports. Because of Dutch Disease, the oil exports to total imports ratio (a good measure of oil dependence) is also high.[28]

Instead of subjecting itself to an IMF SAP, the

> government circumvented its external financial constraints by building up new arrears, which had risen again to $5.6bn by the end of 2000, and by using the share of oil production received by Sonangol to guarantee loans for the financing of imports (Hodges, 2004:163).

These oil-backed loans, a precursor to the later oil-for-infrastructure deals, became the only available form of external financing for the government. This would have been problematic for

[28] Fuel export figures for Angola are only consistently available on the World Bank database from 2009 to 2015. In 2009, the oil dependency ratio was 17.4, climbing to 32.1 in 2011 and declining to 15.2 in 2015. In Nigeria, the ratio was 21.8 in 2006, dropping to 15.1 in 2009 before ascending to its most recent peak of 18.9 in 2012 before dropping again to 8 in 2016. These figures demonstrate the sheer dominance of oil over every other sector in both Angola and Nigeria.

the dos Santos regime had the oil price not recovered dramatically to $35 per barrel by the end of 2000, and had signature bonuses worth $935m for leasing the first ultra-deep water oil blocks not come in (Hodges, 2004:156). The loans carried onerous terms – short maturities and high interest rates (sometimes two percentage points higher than Libor). Le Billon (2001:73) argues that they cost the government between $50m and $100m per year, but that this was a small price to pay to keep "international auditors and conditionality at bay".

In February 2001, British Petroleum (BP) attempted to ward off criticisms of non-transparency by publishing "annual information on its production, the shares transferred to Sonangol under its production-sharing agreements and the value of taxes paid to the government" (Hodges, 2004:168). In response, Sonangol president, Manuel Vicente, accused BP of breaking confidentiality clauses in its agreements with Sonangol, and threatened to terminate its contracts with the company. This signalled to other players in the oil game how Sonangol would respond to any sudden propensities to transparency. The official letter to BP stated that "we strongly discourage all our partners from similar attitudes in the future" (Hodges, 2004:168).

The oil price recovery shielded the dos Santos regime from external scrutiny, which strengthened dos Santos' ability to manage internal coalition dynamics. The IMF staff report from March 2002 noted that its recommendation that all public sector loans be documented, disclosed to the public and subjected to the National Assembly for approval, was rejected by the dos Santos regime as overly intrusive (Hodges, 2004). The 'Oil Diagnostic' study was eventually conducted, though its findings were not made publicly available.

The Oil Diagnostic showed "that billions of dollars from Sonangol illegally bypassed the Angolan central bank and that the government did not have any procedures in place to reconcile hundreds of millions of dollars of discrepancies in its accounting of oil revenue" (Human Rights Watch, 2004:3). Unlike the informal structures of plunder that characterised some West African states, the "Angolan parallel state was highly capable and contained important rational-legal aspects. Dos Santos managed this array of power structures astutely, making use of co-optation and never fully eclipsing formal state institutions or the party" (Soares de Oliveira, 2015:48). Sonangol has been the channel through which dos Santos established a shadow state.

By 2004, government expenditure on investment in human and physical capital, necessary for development and diversification, was minimal (Hodges, 2004:142). Since 2004, a significant amount has been allocated towards physical infrastructure but still little towards human capital (Soares de Oliveira, 2015, 2011). Managing growth in a less politically constrained context is a challenge for dictators.

The general international expectation after the end of the war was that this parallel system would disappear, that dos Santos might retire as 'architect of the peace', and this critical juncture would allow for institutional reconfiguration towards more open governance. Given the extent to which dos Santos had consolidated power and wealth, however, this was unrealistic. An International Crisis Group (ICG) report (2003:2), in sharp contrast to the later Human Rights Watch (2004) report, stated that the system would persist precisely because reform would "threaten the concentration of power in *Futungo*, the diversion of oil revenues, and the patronage networks and private accounts that diversion supports" (ICG, 2003:3). Transparency is counter-productive to autocratic consolidation. The report also notes the circles of exclusion – "below the top layer of the power structure are many officials who are embittered by their exclusion from this system" (ICG, 2003:2). Dos Santos had calculated the number of people necessary to keep in his inner circle that would ensure that peripheral (externally driven) reform attempts would not threaten his power. Dos Santos would become no less vigilant either in managing potential internal threats. As Soares de Oliveira (2015:49) put it, "the parallel system didn't merely survive in very different circumstances: it was recalibrated, diversified and grew out of all recognition into a giant web of privileges and resource extraction".

Underestimating the distribution of power hides windows of opportunity for real reform and accounts for why many externally conceived development programmes fail (NWW, 2009; Acemoglu & Robinson, 2013; Levy, 2014). Angola was committed to development on its terms alone, and China's re-entry to the international stage handed it the bargaining power it required to protect the dos Santos incumbency. "In the guise of reconstruction, oil-backed structures and partners were created that again went around formal institutions, but on a larger scale than ever before" (Soares de Oliveira, 2015:49). Sonangol continued to be the primary vehicle through which an unconstrained dos Santos distributed rents to chosen constituencies and articulated his country's relationship with the international economy.

6.2.2 The Nigerian context

Unlike Sonangol, the NNPC is ineffective both as an oil company and as a regulator for the sector, a company at the centrepiece of a system "that performs poorly at the task of maximising long-term oil revenue for the state" (Thurber, Emelife & Heller, 2010:7). The NNPC has functioned almost exclusively as an instrument of patronage for well-connected individuals. Obasanjo, however, failed to gain personal control over the company to extend his diversionary powers at the expense of his ruling coalition. Thurber, Emelife & Heller (2010:7) point out that the NNPC plays an important role in Nigeria's patronage ecosystem that defuses "threats to power and help[s] hold a potentially fractious republic together". This answers the question – through a prebendalism lens – of how the ruling coalition suppressed external threats to its rule, but it fails to answer why Obasanjo could not use it the way that dos Santos used Sonangol to transition from a contested to an established autocracy.

As head of a new civilian regime, Obasanjo faced three major challenges. First, he desired to recover the stolen Abacha-era oil money and build a political system that would prevent reversion to military rule. Second, he needed to construct an economy that, "in spite of China's growing interest in Africa's resources, still meant cutting a deal first with western institutions and investors to reduce the debt burden" (Bourne, 2015:206). Third, he needed to improve Nigeria's international reputation. These challenges proved formidable. Obasanjo was unable to address them in a way that removed the constraint of the internal power-sharing mechanism between him and members of his coalition.

The oil price initially benefited Obasanjo, tripling in 1999 to US$37 per barrel due to geopolitical crisis in the Middle East. However, this coincided with a surge in spending, a fall in the value of the Naira and a rise in inflation (Bourne, 2015:210). Obasanjo was also frustrated by his efforts to have Nigerian debt written off. Its creditors argued that as a major oil exporter, it did not qualify for the assistance available under the Highly Indebted Poor Country agreements. Obasanjo also ran into confrontation with the IMF in 2002 after the National Assembly attempted to inflate the capital budget by nearly 70% (Bourne, 2015:210–211).

In August 2002, Obasanjo faced an impeachment threat from the House of Representatives, an effort led by Speaker Ghali Umar Na'Abba. Members opposed Obasanjo on several grounds. First, they were opposed to his new Electoral Act, which limited the multiplication of political parties. Second, they resisted Obasanjo's attempts to constrain their abuse of the budget for constituency projects designed to cement their own political support bases. Third, they were opposed to what they saw as Obasanjo's increasingly authoritarian proclivities and lack of willingness to compromise in a congressional system. Na'Abba was a Kano businessman, exemplary of a new threat to Obasanjo's power-accumulation strategy. Private business interests increasingly provided an external constraint on the exercise of power, but those interests were also well represented inside the ruling coalition (Bourne, 2015).

Obasanjo, however, managed to employ his powers of incumbency to not only suppress the impeachment threat by November 2002, but also to ensure that Na'Abba lost his seat. In January 2003, a PDP congress voted to support Obasanjo's second term, "putting aside criticisms of his dictatorial tendencies and a feeling in the north that he was now favouring the Yoruba who had not backed him in 1999" (Bourne, 2015:216).

Official national election results gave him 61.94% of the vote against Buhari's 32.19% for the ANPP and Ojukwu's All Progressives Grand Alliance. The PDP won 213 out of 346 House of Representative seats but the "European Union observers said that there had been no credible election in seven states of the southeast and Niger Delta and reported fraud in half a dozen elsewhere" (Bourne, 2015:217).

Within the PDP, a "gentleman's agreement" evolved – an unwritten power-sharing mechanism that would rotate power between Southerners and Northerners to alleviate "southern secessionist pressures that had festered under decades of military rule by dictators from the north" (Siollun, 2017). Contrary to the view that political outcomes in Nigeria were determined by ethnicity, a major part of the PDP's success was that its leadership was genuinely multi-ethnic, and the party campaigned on a nationalist-clientelist ticket rather than through appealing to ethnicity. (Orji, 2008:198) contends that "Nigerians failed to embrace the idea of ethnic-based political parties".

For the PDP, the power of incumbency was sufficient for elections to pose little threat to its rule and the elections themselves "became successively less fair, less efficient, and less credible" (Joseph, 2008:96). While Obasanjo ceded power to Yar'Adua (maintaining the elite bargain within the PDP) in 2007, for instance, the elections were a farce:

> not a unique and dramatic failure of the electoral process so much as a very public manifestation of deep-seated problems of poor governance and state capture that have, if anything, grown steadily worse over the course of the past eight years [1999 to 2007] (Rawlence & Albin-Lackey, 2007:505).

Shortly after the 2003 elections, members of Obasanjo's presidential circle began to lobby for a change in the constitution that would enable Obasanjo to run for a third term. Under the PDP's power-sharing mechanism, however, Obasanjo should have ceded the 2007 candidacy to his Vice-President, Atiku Abubakar, a successful Northern businessman (Bourne, 2015). The national executive of the PDP endorsed Obasanjo's third-term ambitions. The bid to change the constitution was eventually unsuccessful, as the Senate blocked it (Sklar, Onwudiwe & Kew, 2006:101). This was a relatively unexpected outcome, as Obasanjo had overcome an impeachment threat, eliminated Na'Abba and payed significant bribes to members of the Senate (Emmanuel, 2013). Why it failed requires deeper attention.

Sklar, Onwudiwe and Kew (2006:101) viewed the Senate's decision to block changes to the constitution as a victory for democracy and saw Obasanjo's submission as magnanimous: "His grateful acceptance of this defeat will cement his remarkable contributions – both direct and indirect – to Nigeria's young democratic system". Posner and Young (2007:126) similarly asserted that "the formal rules of the game [we]re beginning to matter in ways that they previously ha[d] not".

This positive view overlooks the fact that the formal rules of the game were coincidental levers in the hands of a Senate that was less interested in the constitution per se and more interested in ensuring that the power-sharing agreement within the PDP was honoured. The Senate is revealed, nonetheless, as the critical institution that prevented a slide into civilian dictatorship. That it incidentally upheld the constitutional principle of term limits undoubtedly proved important for Nigeria's political economy trajectory towards a slightly more stable LAO, but it is overstating the case to hail the decision as a victory for democracy.

A relative consensus now exists that Obasanjo had done everything within his power to try and secure a third term (Emmanuel, 2013; Isumonah, 2012; Suberu, 2007), manifest partly in doubling up as his own Petroleum Minister to keep oil rent decisions outside the purview of the cabinet (Vines et al., 2009:14 see fn 29.), and to raise funds for the bid "to persuade the political class to support the plan" (Vines et al., 2009:14). Striking deals with ANOCs presented an opportunity to raise these funds. They therefore also provide a useful site of analysis for revealing the institutional mechanisms at work in this crucial phase of Nigeria's early Fourth Republic, and ultimately for explaining why Obasanjo failed to achieve dictatorship.

6.3 The Deals

Since the initial US$2 billion oil-for-infrastructure loan to Angola from China's EximBank in 2004, "Chinese development assistance has evolved to the extent that loans are no longer exclusively oil-backed" (Vines et al., 2009:31). By 2009, Chinese assistance had triggered approximately 120 projects in energy, water, health, education, telecommunications, fisheries and public works. Former Chinese Prime Minister, Wen Jiabao, described bilateral relations – in 2006 – as mutually advantageous, devoid of political preconditions (Vines et al., 2009).

In Nigeria, Obasanjo attempted – from the middle of 2004 – to "entice NOCs from China, Taiwan, India and South Korea to acquire oil blocks for the first time" (Vines et al., 2009:7) through high-level lobbying. Enticement proved necessary because they were risk-averse in the face of Nigeria's political volatility, the lack of credible third-party enforcement to honour investments, and direct security risks in the Niger Delta. Favourable treatment was offered to the ANOCs – Obasanjo guaranteed oil blocks at discounted rates or with signature bonus waivers in return for infrastructure investments. Western incumbents, along with indigenous players in Nigeria's oil game, objected to the proposed arrangements. Bureaucrats were sceptical about whether the deals could be enforced. Contrary to the case in Angola, three years after the initial 2004 enticement, there was "still nothing on the ground to show for the generous treatment given to the ANOCs" (Vines et al., 2009:7).

The first analytic point to emphasise is that in both cases the deals were driven by the host country. Contrary to the notion of energy-hungry Asian players undermining the quality of Africa's institutions, this comparable set of deals reveals that oil-wealthy African countries are hardly subordinate players. As the Chatham House Report put it, "The ANOCs got unwittingly caught up in a classic Nigerian web of political intrigue and corruption" (Vines et al., 2009:8).

The second point is that in both cases the deals were politically motivated, but the political objectives were different.

For dos Santos, the deals served as a pre-election marketing tool to propagate the idea of post-war reconstruction. They also provided rent-generation opportunities for self-enrichment and patronage network extensions that would further solidify his diversionary power. The deals diversified his international credit options by increasing his bargaining power (Soares de Oliveira, 2015). They weakened the external constraints that may otherwise have gained traction through IMF conditions towards transparency (Hodges, 2004), though this view is contested (Brautigam, 2009; Downs, 2007) and Vines et al., (2009) acknowledge that despite IMF deals failing, by 2009 the "government also published data on the oil sector that go beyond what several candidate countries of the EITI have disclosed" (Vines et al., 2009:57). Lastly, they strengthened dos Santos' diversionary power over members of his MPLA coalition.

For Obasanjo, the deals provided an opportunity to raise funds for a third-term campaign. The federal constitution limited presidential terms to two. Subject to the constitutional constraint, Obasanjo never publicly expressed third-term aspirations. "However, his covert and overt actions have been interpreted as indications of his involvement in the third term agenda" (Emmanuel, 2013:43).

> There is a widespread perception in Nigeria that the timing of the deals had a strong political undertone… the unspoken need to generate funds for President Obasanjo's (ultimately unsuccessful) bid to change the constitution to allow him to run for a third term is seen as the key to the unravelling of the deals (Vines et al., 2009:7).

The analysis that follows provides corroborating evidence for these conjectures.

6.3.1 Nigerian deal-making

Table 6.3: Strategic blocks offered to the ANOCs on RFR terms, Nigeria, 2005-2007

	Nigeria		
Year	ANOCs	Blocks offered	Blocks taken
2005	Korean National Oil Company (KNOC)	2	2
	Chinese National Offshore Oil Company (CNOOC)	2	0
2006	KNOC	1	0
	Oil and Natural Gas Corporation-Videsh Ltd (ONGC-VL) (India)	2	0
	OMEL (ONGG Mittal Energy Ltd)	3	2
	CNPC (Chinese National Petroleum Company)	4	4
	CPC (Chinese Petroleum Company) (Taiwan)	1	0
2007	KNOC	4	0
	OMEL	1	0
	CNPC	1	0
	Petronas (Malaysia)	1	0
	CNOOC	4	0
Total		**26**	**8**

Source: Vines et al. (2009:18)

In 2005, Nigeria hosted its first open oil auction, inviting observers from Norway, the United Kingdom, the US and Brazil to monitor proceedings. Only 44 of the 77 blocks available were eventually awarded, however, and nearly half of those 44 fell through because the winning recipients defaulted on their payments. While signature bonuses amounted to over $1 billion, this was lower than expected and International Oil Companies (IOCs) did not bid (except for Chevron and ExxonMobil, but their bids were disqualified for being incomplete).

Part of the reason for IOC reluctance was the introduction of Local Content Vehicles (LCVs), under which an operator would be required to offer up to 10 percent equity in any block to an indigenous company. Obasanjo’s rationale for the LCV scheme was to incentivise the development of local expertise in the oil business, but a Marginal Fields policy had already been successfully implemented in this respect. The duplication generated suspicion that the scheme was designed to reward loyal supporters of the PDP or coalition cronies. The ANOCs were directed towards a selection of LCV's, about 100 of which (created almost overnight) pre-qualified for the round.

A close business associate of Obasanjo's, Emmanuel Ojie, set up NJ Exploration Services, which became the approved LCV on one of the blocks awarded to a Korean Company. Ojie and Emeka Offor established a joint venture called Shorebeach Exploration, the approved LCV for the blocks awarded to China in 2006. Offor, a 'godfather-broker' (Olarinmoye, 2008) had become wealthy under Abacha. He owned the Chrome Consortium and had

> links with the inner circle of the Nigerian government including Vice President Atiku Abubakar, one of Nigeria's five top men in charge of petroleum policy. Offor also happens to be amongst the biggest financial backers of the ruling PDP in Nigeria (Frynas, Wood & Soares De Oliveira, 2003:68).

Andy Uba, special adviser on domestic matters to Obasanjo and effectively his gatekeeper (Vines et al., 2009:14), set up Southland, which partnered with the Korean National Oil Company (KNOC). Uba opened the door to Nigeria for China Sonangol, a subsidiary formed under the Chinese International Fund (CIF), also known as the 'Queensway Syndicate' (Levkowitz et al., 2009; Mailey, 2015). The CIF featured prominently in the Angolan deals and is a key player to understanding the political machinations in both countries, but especially in Angola. Uba had extensive oil and gas interests (Burgis, 2015). Even after Obasanjo's departure from office he was the kingpin for facilitating China Sonangol deals in the country. *Africa Confidential* reported that Uba had a direct stake in China Sonangol, though Burgis (2015) was unable to verify this in company documents.

A second innovation was Obasanjo's introduction of the Right of First Refusal (RFR) to favour Asian bidders. Prior to the 2005 auction, Obasanjo had offered lucrative blocks to South Korea, Taiwan, China, India and Malaysia in return for the promise of downstream investment. China, for instance, was to fund the Kaduna refinery, construct a double-track, standard-gauge railway line from Lagos to Kano, and build a hydroelectric complex at Mambilla (3 Gorges Project) (Vines et al., 2009). While the ANOCs were interested in the offer, the 2005 round was chaotic. The Chinese failed to bid, believing that they had secured the blocks through talks and would therefore not have to participate in the auction. Taiwan, through its Chinese Petroleum Company (CPC), and South Korea (KNOC) were awarded the blocks for which they bid, but India missed out because of a cabinet delay in agreeing to the bid price. The Taiwanese deal, however, ended up failing. Its partnership with Chrome (Offor's company) won two blocks (OPL 274 and 275) but failed to pay the signature bonuses. Its downstream commitment – to take a 51% stake in the Port Harcourt refinery – fell away upon the bonus default. South Korea's KNOC agreed to build a gas pipeline from Ajaokuta to Kano via Abuja with a spur to Katsina; two integrated gas power stations at Abuja and Kaduna; and to construct the Port Harcourt-Maiduguri railway. Yar'Adua – Obasanjo's successor – subsequently discovered that the amount owed by KNOC was not paid in its entirety.

To compensate for the confusion of the 2005 round, Nigeria hosted a mini-round in 2006. 11 consortia bid for the 19 blocks on offer, one of which was an indigenous business called Transcorp that had no experience in the oil business but in which President Obasanjo had shares. Another, a consortium between Cleanwaters and INC Nat Res (owned by then Governor of Jigawa state) appeared to be given preferential treatment in return for its vocal support of a third term for Obasanjo. Held in May 2006, the round awarded the four blocks (two in the Niger Delta and two in the frontier Chad Basin) to the CNPC that it had been promised in the 2005 round. CNPC committed to a $2 billion investment in the Kaduna refinery in return. Transcorp was also successful, though it later transpired that it failed to pay the full signature bonus. Taiwan's CPC was awarded two blocks through partnership with Starcrest Nigeria Energy, owned by Offor. The LCV on one block, which CPC later sold to Addax, a Western independent, was given to Shorebeach Nigeria: "Informed opinion suggested that the CPC/Starcrest bid was little more than a vehicle for raising funds for the third term" (Vines et al., 2009:17).

The fact that the Nigerian Senate in May 2006 rejected the constitutional amendment that would have enabled a third term for Obasanjo now requires deeper examination. It was blocked "in spite of vast sums of money reportedly paid out by the presidency to National Assembly members to ensure [its] safe passage" (Vines et al., 2009:17). According to the minority leader of the house, Femi Gbajabiamila, Obasanjo employed his special adviser on parliamentary affairs, Mrs Florence Ita-Giwa, and the deputy senate president (also the chair of the joint committee on constitutional review) to bribe senate members and lobby for tenure elongation. Gbajabiamila recalled that members were given between N50m and N100m, with the total side-payment budget totalling over N10bn (Isumonah, 2012:57). Obasanjo clearly sought to acquire greater diversionary power. That his side-payment tactic failed "has been hailed as a milestone in the consolidation of democracy in Nigeria as it highlights the limits of the influence of [the] godfather in Nigerian politics" (Emmanuel, 2013:44). The PDP's membership in the Senate was 54.1 percent in 1999, which increased to 69.7 percent in 2003 (Isumonah, 2012:58). Despite this super majority, the PDP was sufficiently internally divided to resist co-optation and thwart Obasanjo's ambitions. Those opposed detected the diversionary signal and acted to prevent it from materialising in a third term.

6.3.2 Existing explanations for third-term failure against the Svolik model

Sklar, Onwudiwe and Kew (2006) acknowledge that Obasanjo supported an amendment to the constitution that would enable him to run for a third term. They argued nonetheless that the problem was more one of personalised politics than Obasanjo himself, where the political landscape was dominated by powerful "godfathers" who "sit atop vast patronage networks at the local, state and federal levels" (Sklar, Onwudiwe & Kew, 2006:101). They had become brokers of power since 2003 and were emboldened to the point of attempting constitutional manipulation. This description coheres with Joseph's view of prebendalism discussed in the previous chapter. Sklar, Onwudiwe and Kew (2006) claimed a victory for democracy in the Senate's decision to block the amendments and prevent the slide towards godfather politics.

The Svolik (2009) lens, however, suggests that Sklar, Onwudiwe and Kew's (2006) view is subject to the trap of categorising Nigeria as a weak form of democracy, where the constitution is paramount and widespread public support for it acted as a binding constraint. A more accurate explanation appears to be that Obasanjo structured the deals with ANOCs in a way that funded efforts towards achieving these amendments and that the Senate's decision was less a function of respect for the constitution than an appeal to it as a means of ensuring power alternation within the ruling coalition. Isumonah (2012:65), for instance, concludes that Obasanjo's preoccupation with trying to build a power base "led him to neglect the construction and consolidation of the country's nascent democracy… The electorate could not redirect him because elections played little or no role in restraining executive power".

Kiwuwa (2013) notes that Obasanjo was not alone in these efforts. Nujoma in Namibia, Biya in Cameroon, and Museveni in Uganda were among a number of leaders cited for "embarking on some semblance of democratic rule" (Kiwuwa, 2013:262) but in reality "have utilised their weak democratic institutional structures, co-opted the elite and rallied the 'mob' to commit democracy 'infanticide'" (Kiwuwa, 2013:262).

While Sklar, Onwudiwe and Kew (2006) praise Obasanjo for stepping down in response to the Senate's decision, it reflects that he was unable to attain sufficient power to divert without handing ex-ante credibility to would-be coup plotters. It was not for lack of attempting to secure oil rents to bribe and co-opt Senate members to support his cause. "Obasanjo used his cronies both within and outside the PDP to either bully or buy the support of those opposed to his third term ambition" (Emmanuel, 2013:44). Ahmaud Ali, the party chairperson, portrayed the third term agenda as the party's official position and internal party discipline was employed to coerce PDP members in the National Assembly, the Senate and the Governor's Forum into supporting the amendment. Former Senate President, Ken Nnamami, acknowledged that "Obasanjo also bankrolled the scheme" (Emmanuel, 2013:44).

Obsanjo's attempts to acquire diversionary power are perhaps most acutely revealed through a complex early 2006 deal with the CNOOC (not part of the RFR strategic rounds with the ANOCs). The CNOOC bought contractor rights through a private sale in block OML 130 in the Akpo field, for which it paid \$2.3 billion. Financial support was provided by China EximBank for \$1.6 billion through a ten-year loan. OML 130 was originally wholly given to General Danjuma, a gift to him from Abacha. Danjuma headed a company called Sapetro, which owned 60% of the block. Danjuma had suppressed an abortive coup by Dimka against Murtala Muhammed in early 1976.

Danjuma then supported Obasanjo’s 1976 transitional term but strongly opposed his third-term agenda. Obasanjo therefore “tried unsuccessfully to reduce Sapetro’s ownership of the block to 10% by invoking ‘back-in’ rights” (Vines et al., 2009:19). Had Obasanjo ignored the Senate’s decision, Danjuma and others, like Babangida, also a presidential hopeful and opponent of Obasanjo (Sklar et al., 2006) may have launched a coup. Knowing that they had ex ante credibility with which to do so, Obasanjo refrained from diverting.

Once Obasanjo relinquished the third term aspiration, the 2007 round of deals with the ANOCs became an exercise in “rewarding cronies in a last-minute fire sale” (Vines et al., 2009:17). For instance, the Kaduna and Port Harcourt refineries were sold to Aliko Dangote (after the deals with the ANOCs fell through), now Nigeria’s wealthiest businessman and at the time a close ally of Obasanjo.

In the 2007 round, the CNOOC won four blocks in return for a $2.5billion Chinese EximBank loan for the Lagos/Kano railway line and the hydroelectric project at Mambilla. The CNPC won one block to develop the Kaduna refinery. However, given the round’s timing, there were concerns among the ANOCs that the new PDP president (Yar’Adua) and his government would not honour the deals. Extensive political risk incentivised them to withdraw their bids. None of the preferential 11 blocks were taken up. The lack of intertemporal credibility is a function of personalised deal-making. Trying to understand Nigeria after Abacha as a fledgling form of democracy may suppress illumination.

What the failure of the oil-for-infrastructure deals from 2004 to 2007 reveals is that Nigeria was in transition from a ‘dominant discretionary’ principal-agent institutional arrangement towards a ‘personalised competitive’ multiple-principle arrangement (Levy, 2014). The relative strength of the power-sharing mechanism within the PDP prevented Obasanjo from achieving dictatorship. However, the power of incumbency allowed him to depose Atiku Abubakar, his vice president, fiercest critic and aspirant head of state, by having him found guilty of misappropriating rents from the Petroleum Technology Fund. The investigative panel – hastily assembled by Obasanjo – recommended that Abubakar be disqualified from participating in the elections. Obasanjo used his influence over the PDP to ensure that Umar Yar'Adua succeeded him by compelling all other presidential aspirants to step down the day before the PDP primaries (Emmanuel, 2013). Emmanuel (2013) argues that the elections legalised proxy rule by Obasanjo through Yar'Adua.

Sklar, Onwudiwe and Kew (2006:106) are accurate in describing the PDP as an alliance of convenience among godfathers, where Obasanjo arrived in office "constrained within the webs of their various networks". However, they appear to have underestimated Obasanjo's ability to exercise his powers of incumbency to maintain influence despite the Senate's decision. Post-Abacha, a restoration of relative openness mitigated against autocratic entrenchment, though the resultant instability of the transition came at the opportunity cost of programmatic stability and institutional complexity towards impersonal deal-making (Levy, 2014:16). For the ANOCs, the political risks associated with the oil-for-infrastructure deals were too high. The "scheme went wrong because it was not properly conceived and there were no inbuilt guarantees" (Vines et al., 2009:26).

Obasanjo's dominance should not be overlooked within Nigeria's structural transition from 'dominant discretionary' to 'personalised competitive': his ability to depose Abubakar and replace him with Yar'Adua suggests the possession of extensive power, if insufficient to enable successful diversion for achieving dictatorship. The Senate – dominated by members of the ruling coalition – blocked Obasanjo. It was not the electorate, broad-based respect for the constitution, the presence of a legislature or competing political parties that did so. Svolik (2012) argues that the essence of a dictatorship is the absence of an independent authority with the power to enforce agreements among key political actors, and the overarching use of violence to resolve political conflicts. The key to understanding why Obasanjo could not achieve dictatorship was his inability to co-opt the Senate, making it the critical institution that thwarted a transition from military to civilian autocracy. The Senate ensured that the power-sharing mechanism within the ruling coalition was not broken when it became inconvenient to the incumbent. That it upheld the constitution in the process was incidental, but nonetheless important for Nigeria's transition towards a more stable LAO.

6.3.3 Angola Mode – Oil-for-infrastructure deals with ANOCs

Table 6.4: China's Exploration and Production (E&P) Assets in Angola

		Angola		
Year	Company	Block(s)	Share (%)	Partners (%)
2004	SSI	18	50	BP (operator) (50)
2005	CSIH	3(05) and 3(05A)	25	Sonangol EP (operator) (25); Ajoco (20); ENI Angola EXPL (12); SOMOIL (10); NAFTGAS (4); Ina-Naftaplin (4)
2006	SSI	18(06)	40	Petrobas (operator) (30); Sonangol EP (20); Falcon Oil (5); Grup Gema (5)
2006	SSI	17(06)	27,5	Total (operator) (30); Sonangol EP (30); Falcon Oil (5); ACR (5); Partex Oil&Gas (2,5)
2006	SSI	15(06)	20	ENI Angola EXPL; (operator) (35); Sonangol E&P (15); Total (15); Falcon Oil (5); StatoilHydro (5); Petrobas (5)

Source: Vines et al. (2009:44)

The mode of the deals in Angola was substantively different from those in Nigeria. In Nigeria, the strategic deals were complicated by the prerequisite of LCVs and RFRs. Obasanjo did not choose the NNPC as his preferred rent-acquisition vehicle. In Angola, Sonangol was an active partner in every deal and "appeared determined to avoid a repeat of Nigeria's shambolic auction in 2005" (Vines et al. 2009:34). It limited the number of blocks on offer and kept indigenous participation minimal, "allowing only ten well-connected players" (Vines et al. 2009:34) to participate. The company also pre-qualified 29 companies to bid as operators, and

22 as non-operators. Total signature bonuses in the 2005 and 2006 rounds amounted to $3 billion.

The table above shows only the deals that Sonangol struck with Chinese companies, because the other ANOCs were relatively unsuccessful at doing business in Angola over this time (see Vines et al., 2009:32–39). China had become increasingly important to Angola since the opening of China's first credit line in 2004. In March 2004, Sinopec (a Chinese oil major) acquired 50% of the BP-operated Block 18. Sonangol Sinopec International (SSI) was created to explore the block, a joint venture between Sinopec (55%), Beiya (now Dayuan) International Development Ltd. (31.5%), and China Sonangol International Holding Ltd. (CSIH) (13.5%). A deal was signed on May 2006 as a $1.4 billion upstream borrowing facility to SSI for the refinancing of development costs of Block 18. The funding structure for the deal reveals that Western banks brought $700 million of international money to the table; the rest came from 5 Chinese banks. Though initially reluctant, the size of the Chinese interest reduced the political risk perception for Calyon Corporate & Investment Bank (the lead arranger) and Standard Chartered (the financial adviser).

The oil-for-infrastructure deals that were struck after 2004 offered "fresh money, not refinancing like the commercial loans" (Vines et al., 2009:46). The unique element of the 'Angola mode' – the World Bank's description of these deals – was the speed of Chinese engagement and the sheer size of the loans, though the essential mode of oil-backed loans was not new.

On 21 March 2004, the first $2 billion financing package for public investment projects was approved, payable over 12 years at the Libor interest rate plus a spread of 1.5% with a grace period of up to three years, divided into two $1 billion phases. By the end of 2007, nearly $837 million of the first tranche (released in late 2004) had been utilised. Despite making the second tranche available from March 2007, only $237 million had been disbursed by the end of that year. China's EximBank provided this financing against the guarantee provided by the Angolan National Bank assets "such as revenue from an oil sales contract equal to 10,000 barrels a day of crude at the spot price" (Vines et al., 2009:47). At a value of $1.1 billion, the first phase of the credit line involved 31 contracts covering energy, water, health, education, communication and public works. The largest of the 50 projects was the rehabilitation of 371km of road between Luanda and Uige. The second phase entailed 17 contracts and over 50 projects, some to complete unfinished parts of the first set. A further oil-backed loan of $2 billion was signed in September 2007.

One source of contention in the deals was the lack of local content obligations, with only 30 percent having to be subcontracted to Angolan firms. While this pressure resulted in an increase in the use of Angolan labour, disputes over local content and a lack of liquidity caused some stoppages in Chinese construction projects in late 2007 and early 2008 linked to the CIF (Vines et al., 2009:48).

Despite these occasional stoppages, the contrast to the Nigerian case is marked. The deals were struck, and the infrastructure projects were mostly implemented. China saw oil-backed loans as the most beneficial arrangement as they offered the greatest security against political risk and satisfied China's quest for more oil concessions to ensure greater energy security at home.

6.3.4 Existing explanations for the deals

Brautigam (2009) cautions against the view of the Chinese deals as a convenient attenuation of external constraints that had been gaining traction through Angola's need for IMF assistance. She argues that the conventional narrative, that China's offer of oil-backed loans allowed Angola to side-step the IMF, eschew transparency obligations and avoid corruption probes, is too simplistic. It only appears this way in that "Angola negotiates at least four IMF programs between 1995 and 2004, but fails to stick with any of them" (Brautigam, 2009:274). The IMF was indeed trying to prevent Angola from indulging its appetite for risky short-term oil-backed loans, which – by the end of the war – amounted to 48. However, Brautigam (2009) notes that Germany defected from the Paris Club in 2003 by settling a debt reduction deal unilaterally, a move she argues accounts for the return of German companies to Angola, an outcome she preferred to IMF austerity. China entered the equation a year later with its $2 billion credit line at an attractive rate. Brautigam (2009) points to the subsequent involvement of Western banks such as Calyon in Angolan oil deals as evidence against a simplistic narrative of China providing a means of transparency avoidance: "it was Western banks that gave loans without requiring transparency, and Western companies that exported Angolan oil, providing cash flows for the ruling party" (Brautigam, 2009:277). She argues that transparency improved without IMF conditionality, and that Angola decided to start paying off its debts with booming oil revenues.

Soares de Oliveira (2015) concurs that it is important not to overstate the extent to which Western donors were concerned about Angola's missing oil revenue, corruption and lack of transparency. However,

> there was enough momentary unease with the quality of Angola's governance to create a quasi-consensus amongst prominent Western states and the Bretton Woods institutions that a donors'

> conference should be postponed until the government could explain the whereabouts of missing oil revenue and commit itself to implementing some of the reforms put forward by the IMF (Soares de Oliveira, 2015:54).

He further recognises, however, that China's willingness to deal with the Angolan government with none of the preconditions set by Western donors crowded out "any pretence at fulfilling Western transparency requirements" (Soares de Oliveira, 2015:55). By 2009, public and private Chinese loans to Angola amounted to at least $13.4 billion.

Angolan officials themselves have emphasised how much the availability of Chinese credit mattered at a time when Angola had not paid its Paris Club debts and had no access to normal credit. Senior MPLA politician Lopo do Nascimento commented to Soares de Oliveira that the Chinese made Angolan reconstruction viable but that they did not influence the model, which was defined by the Angolans (Soares de Oliveira, 2015:57). In other words, the model was a continuation of the oil-for-arms deals that had first been struck shortly after the end of the Cold War. The idea of 'Angola mode' as something new is misplaced. The Chinese worked through dos Santos' parallel system, took it for granted and "the partnership allowed the exponential increase, diversification and further internationalisation of the parallel state" (Soares de Oliveira, 2015:57).

A challenge to Brautigam's (2009) view comes from at least two angles. The first is that the involvement of Western banks in Angolan deals does not change the fact that Chinese credit lines allowed IMF conditionality avoidance. The second is that it may have deepened corruption and further entrenched dos Santos's power, as much as transparency appeared to be increasing on Angola's own terms. This is evidenced through a 2005 deal with the CIF, an opaque Hong Kong-based institution, established in 2003, also known as the Queensway

Syndicate, referred to earlier in relation to Nigeria but most famous for their Angolan operations (Burgis, 2015; Levkowitz et al., 2009; Mailey, 2015; The Economist, 2011).

The CIF extended a multibillion-dollar oil-backed credit facility to Angola sometime between late 2004 and early 2005,

> though accounts of the exact size of the loan vary considerably (estimates range from $2.9 billion to $10 billion). China Sonangol's corporate filings reveal that the Queensway Group did help secure numerous oil-backed loans for Angola's benefit from large European and Chinese banks (Mailey, 2015:33).

The credit facility was managed by Angola's Reconstruction Office (Gabinete de Reconstrução Nacional, GRN), "which is exclusively accountable to the Angolan presidency" (Vines et al., 2009:50), and was led by General Kopelipa (Soares de Oliveira, 2015), a senior military adviser to the president. Dos Santos created the GRN in October 2004 to manage Angola's physical reconstruction and to dilute the growing power of the Finance Ministry (Mailey, 2015). A large part of the GRN expenditure is off-budget (Mailey, 2015; Vines et al., 2009), corroborating the view that it was a typical elite bargain that generated rents for dos Santos and deepened his autocracy at a time when this may otherwise have been threatened by external constraints.

In summary, instead of following the IMF's reform agenda, "Angola's leaders sought alternative financing, including from several Chinese 'policy banks' (state-owned banks tasked with financing and promoting Chinese activities abroad), commercial lenders, state-owned companies, and a previously little-known Hong Kong-registered firm called China International Fund" (Mailey, 2015:28). The CIF connection brought together new Chinese interests with the inner MPLA elite and further built on the foundations of the parallel state rather than unsettling them (Soares de Oliveira, 2015:57).

With new credit lines at its disposal, the MPLA party-state could begin the reconstruction process. In the war, large cities like Huambo and Kuito had been obliterated. More than 300 bridges (basically 98% of the country's stock) had been destroyed, along with 80 percent of factories, 60 percent of hospitals, 80 percent of schools and most of the country's roads. An estimated 10 to 12 million landmines needed to be removed. Water and electricity services covered only a very small part of the country and were highly intermittent. The physical infrastructural cost of the war was estimated to be $60 billion. Despite extensive leakage, infrastructure was built and Angolans overwhelmingly approved of the government's focus on rebuilding physical infrastructure (Soares de Oliveira, 2015).

Contrary to the Nigerian case, Angola managed its oil deals with the ANOCs and IOCs competently through Sonangol. Manuel Vicente, the head of Sonangol at the time, nurtured the relationship with China (Mailey, 2015; Soares de Oliveira, 2007) from 2003 onwards. In Nigeria, Obasanjo managed the deals with ANOCs poorly.

Contrary to the expectation that oil-for-infrastructure deals were more likely to be struck in relatively more politically inclusive contexts, this chapter has shown that the opposite obtained. The motivation to strike the deals was political in both cases, but the ends were different. Obasanjo was trying to achieve tenure extension, whereas dos Santos was trying to avoid subjection to external constraints that would have reduced his power to eliminate internal threats (like an increasingly powerful finance ministry). Obasanjo was trying to extract rents with which to bribe internal opponents to realise his ambitions; dos Santos was deepening an already established autocracy.

6.4 Testing hypotheses

We can now test the second set of hypotheses presented in the introductory chapter with respect to how foreign direct investment benefit varies under different political settlements within LAOs:

- H_1: The long-run host country revenue-maximisation benefits from direct foreign investment will be higher when deals are struck within a principal-agent settlement ('dominant discretionary') than within a settlement characterised by multiple-principal arrangements ('personalised competitive') (Levy, 2014, 2012).

At the time of the 2004-2007 deals with ANOCs in Nigeria and Angola, both countries were ruled by dominant parties – "the rulers' grasp on power is strong in the sense that it would take an extraordinary level of commitment by the opponents to mount a credible challenge to the status quo" (Levy, 2014:17) – but with differing relative levels of power and internal factionalism.

The PDP was a civilian invention of the military, a conglomeration of myriad regions and ethnicities that only came to power after Abacha's death. Despite its relative dominance over the polity at inception, it was an internally fragile coalition with multiple principals and increasingly subject to external constraints post-1998. The MPLA, to the contrary, had been a political party since at least the early 1960s, and had monopoly control over the state from 1979 onwards despite the civil war and high levels of internal fragmentation.

The comparative analysis of the deals in Nigeria and Angola corroborates the hypothesis. The Nigerian case suggests a political settlement in transition from the dominant discretionary category towards the personalised competitive category. In the latter, the “disparity in violence potential between the rulers and their opponents is much narrower than in the dominant settlement” (Levy, 2014:18) and excluded factions within the ruling party may be strong, reducing the effort required to mount a credible challenge to the ruling faction. Obasanjo pursued the ANOC deals in an attempt to generate rents that would have increased his repression and co-optation abilities. As per the Svolik (2009) model, the RFRs and LCVs were interpreted as a high signal by other members of his ruling coalition, particularly in the Senate, that he was attempting to acquire more power. In Angola, Sonangol was already a well-established vehicle for making deals. Dos Santos did not have to invent new institutions to acquire more power or eliminate threats. However, dos Santos established the GRN to manage the credit line from CIF to diminish the power of the formal finance ministry (Mailey, 2015). Obasanjo was not able to harness CIF involvement with the same efficacy.

I propose, further, that the level of contestation *within* dominant parties between the ruler and his coalition (multiple principals) determines the extent of intertemporal commitment credibility perceived by foreign investors. The higher the contestation between strong factions and the stronger the incentive for rents to serve power-acquiring ends, the lower the contract-honouring credibility is likely to be. The MPLA was relatively more well established and dos Santos had dissolved most internal factionalism. Obasanjo’s position within the PDP was relatively less secure and deal making was therefore more orientated towards trying to elevate his power over competing principals. Perceived intertemporal commitment credibility by foreign investors was stronger in Angola than in Nigeria.

Within LAOs, the host country benefits from foreign direct investment will be higher when deals are struck within a dominant party framework with relatively little internal contestation than when deal making occurs in a transitionary context from the dominant discretionary category towards a more competitive trajectory. Indeed, Levy (2014:28-29) categorised the Angolan regime as "dominant" (with a slightly higher per capita income than Nigeria, though this masks significantly higher inequality) and the Nigerian regime as "intermediate". I propose that high levels of internal contestation between multiple principles within a ruling coalition may shift a country from the dominant trajectory towards the competitive trajectory. Indeed, the fact that the PDP lost the elections in 2015 despite its powers of incumbency provides some substantiation for this hypothesis.

- H_2: Greater degrees of elite inclusion in the political settlement offer greater potential for equitable, poverty-reducing growth through higher-quality public expenditures provided the means of inclusion are more a function of purposive coordination than the division of spoils, and the bureaucracy is governed more by impersonal rule-following than patron-client relations (Booth et al., 2015; Kelsall, 2016; Levy, 2014).

I evaluate this hypothesis against its three dimensions to test the extent to which it holds for Angola and Nigeria, noting that the hypothesis is only relevant to the dominant parties in power at the time the deals were struck – opponents of the MPLA and the PDP accepted the dominance of those parties.

The MPLA was Angola's most representative party but has never been particularly inclusive, at least ethnically and geographically. It had its origins in urban Luanda and was forged in exile. It is ideologically heterogeneous and has traditionally had broad urban appeal. That is the limit of its inclusivity, although it never mobilised on ethnic grounds in the way that UNITA did. However, after 2002, the broader Angolan political settlement became relatively inclusive in that “the majority of elites accept the settlement and have foresworn the use of violence to achieve their aims” (Kelsall, 2016:3). UNITA chose to contest elections and has by and large accepted the results even when elections have been obviously fraudulent. There has been no hint of reversion to civil war. The deals discussed in this chapter would therefore not have occurred unless UNITA had acquiesced to MPLA dominance.

However, the degree of elite inclusion both within the ruling coalition and more broadly has largely been coordinated through individualised pay-offs where elites are induced to “keep the peace, primarily through access to economic rents” (Kelsall, 2016:4). The deals discussed in this chapter demonstrate that the relationship nurtured between inner members of the MPLA and the CIF, for instance, were deeply rent-orientated for elite benefit but nonetheless resulted in some infrastructure growth that arguably would not otherwise have occurred.

The construction of the GRN as the primary bureaucratic channel through which the deals were managed demonstrates the continued development pathway in Angola of patron-client relations over more impersonal rule-following and meritocracy. Nonetheless, the technical competency of Sonangol and its web of subsidiaries suggests a degree of development capacity and the execution of infrastructure projects that was absent in Nigeria.

In Nigeria, the PDP was “the most ‘national’ of the parties, containing powerful eastern politicians such as Alex Ekwueme [Shehu Shagari’s vice-president from 1979-1983] and links to northern interests through Shehu Yar’Adua and his protégé Atiku Abubakar” (Falola & Heaton, 2008:234). It brought together 280 different organisations and 46 retired generals, a “hotch-potch organisationally and ideologically” (Bourne, 2015:204–205). The political settlement, more broadly, at the time of the deals was relatively inclusive, though the degree of fractionalisation within the PDP was far more pronounced than within the MPLA, and this ultimately explains why the deals with foreign investors were struck in Angola but not in Nigeria. This coheres with Mushtaq Khan's proposition that "if excluded coalitions are strong, the ruling coalition may act to secure its short-term survival or may not survive in the long-run" (Behuria, Buur & Gray, 2017:512). The deals fell through because of the Obasanjo faction's preoccupation with short-term survival through term extension.

The means of elite inclusion in Nigeria's broader political settlement do not differ much from Angola's. It is almost entirely orientated around access to oil rents through holding political office. The same is true of bureaucratic governance, where patron-client relations dominate over impersonal rule-following.

Considering the Angola/Nigeria comparison, the hypothesis might be reshaped as follows: In a political settlement characterised by relatively high degrees of elite inclusion where the means of inclusion is spoils-orientated, and the bureaucracy is clientelist, deals with foreign investors are more likely to be struck when the inclusiveness is less fractious within the dominant party. In other words, the differentiating factor in the Angola/Nigeria political settlement that accounts for greater perceived intertemporal commitment credibility is the degree of unity within the dominant party. In the long run, however, I propose that the organisation of politics around dominant parties that are more likely to uphold internal power-sharing mechanisms may be more conducive to generating poverty-reducing growth than entrenched, narrow dominant parties led by dictators.

Finally, the analytic narrative above allowed for exploration of "the ways in which globalised engagement – with foreign investors and donors, as well as via global and regional geopolitics

– influences interactions among elites and between elites and non-elites" (Levy, 2012:141). In Nigeria, Obasanjo tried to create strategic deals with ANOCs to serve personalised ends. Elites within the ruling coalition detected the diversionary move and thwarted it. In Angola, dos Santos used the deals to rebuild some of the country's shattered infrastructure but simultaneously used the rents to deepen his diversionary powers. The GRN's relationship with the CIF proved particularly useful to dos Santos and gave him a lever with which to avoid Paris Club and IMF obligations that would likely have curtailed his ability to maintain an uncontested autocracy.

6.5 Conclusion

The context for the 2004 to 2007 oil deals in Nigeria and Angola reveals two countries that were already on divergent institutional trajectories. Angola was emerging from civil war under an established autocracy. Nigeria was transitioning, under a dominant party framework, from military rule (a dominant discretionary settlement that nearly achieved dictatorship) towards competitive clientelism. The oil-backed loans and oil-for-infrastructure deals that were on the cards between the two countries and a range of ANOCs failed in Nigeria and succeeded (in relative terms) in Angola. Leadership instability in Nigeria as opposed to relative stability in Angola is one reason offered for this counter-intuitive outcome. However, this raises the question of why the two countries diverged in this respect.

The previous two chapters revealed that in Angola, dos Santos took a small number of swift, early and effective steps to eliminate potential internal threats to his rule by loading his personal security apparatus with loyalists and replacing existing power-sharing mechanisms with new structures that placed no constraints on his pursuit of power. The result was that he transitioned relatively successfully from a contested autocrat to an established dictator within the first six years of his rule. In Nigeria, no aspirant ruler was able to achieve dictatorship. Power-acquisition steps were detected, and coup plotters had repeated ex-ante credibility with which to launch coups, and an unusual number of successful coups were executed. Abacha attempted to achieve dictatorship quite rapidly and may have succeeded had he not died in office. His death led to the relatively rapid re-establishment of civilian rule in Nigeria, which had last been exercised from 1979 to 1983.

In these respective contexts, it seemed more likely that deals would be struck in Nigeria but not in Angola, as relative openness is typically assumed to be the key to successful deal making in LAOs. However, the chapter revealed that the deals succeeded in Angola precisely because it was a stable, established autocracy whereas Nigeria was in a relatively unstable transition from authoritarian rule to competitive clientelism.

In Nigeria's transition process, however, Obasanjo attempted to achieve dictatorship but was thwarted by a senate decision in 2006, revealing the relative strength of internal power-sharing mechanisms within the ruling coalition. Because the deals had been crafted to generate sufficient rents to bribe senate members, Obasanjo had no interest in making them succeed after he accepted the senate decision. He instead allocated his capital and efforts towards deposing Abubakar and ensuring that Yar'Adua became PDP head instead.

In Angola, China's emergence as a new international player provided an opportunity for dos Santos to avoid IMF transparency conditionalities. 'Angola mode' was in fact not new, but a continuation of the earlier oil-for-arms deals that had been struck after the Cold War. Despite Brautigam's (2009) view that this may have ultimately been positive for the economy, the evidence seems to point towards dos Santos using the deals as a means of diversifying his rent sources to further entrench his autocracy. While Brautigam (2009) is correct that some infrastructure was built that arguably would not otherwise have been built (or at least not without dos Santos making undesirable compromises), this does not alter the fact that the regime's relationship with the CIF served as an expedient cover under which to avoid external constraints. Moreover, the subversion of the finance ministry and its replacement with the GRN is analogous to the Central Committee of the MPLA being replaced by the Defence and Security Council, dos Santos' classic act of institutional manipulation in 1985 to render the members of his ruling coalition powerless to pose an ex-ante credible coup threat.

The chapter examined the applicability of two hypotheses proposed in the introductory chapter and proposed alternative formulations considering the evidence from the comparative case study. It revealed that the transition away from a dominant discretionary framework towards a more competitive clientelism undermined the Nigerian deals' probability of success. The degree of factionalism within the dominant party reduced the commitment credibility perceived by foreign investors. Dos Santos was not trying to generate rents for side payments to secure more power, whereas Obasanjo was doing so. The ANOCs therefore detected higher levels of intertemporal commitment credibility in Angola than in Nigeria. Obasanjo, despite massive bribery and co-optation effort, was unable to turn a senate majority in his favour. This ultimately accounts for why the deals landed in Angola but not in Nigeria.

In brief, against the guiding hypotheses offered at the beginning of the chapter, the differential outcome from the deals reflects the varying quality of the institutional arrangements in each country for engaging foreign investors. Sonangol was more competent than the NNPC. This differing quality, combined with the degree of factionalism within the respective ruling parties, resulted in differing commitment credibility over time, which partly accounts for deal failure in Nigeria. More broadly, divergent political economy trajectories and political settlements account for the differences suggested above.

The next and closing chapter summarises the main contribution of the thesis and brings it up to date by providing a brief description of the political economy dynamics that unfolded between 2007 and 2014 in both countries, when the global oil price crashed. It further examines how the respective political settlements changed thereafter and poses questions and hypotheses for future research.

CHAPTER SEVEN

CONCLUSION AND AVENUES FOR FUTURE RESEARCH

7.1 Summary of thesis insights

There has been much recent hand-wringing over the quality and durability of democracy in African states. Some commentators see a widespread reversion to authoritarianism, for which the evidence appears convincing (Ezrow, 2018; Hendricks and Kiven, 2018; Kiwuwa, 2018). A more moderate strand recognises the persistence of authoritarian rulers, but distinguishes these from outright dictatorships and emphasises the existence of opposition parties (Chan, 2018). Others are hopeful that democracy has taken root despite some evidence of backsliding. They assert that the formal rules of the game are beginning to matter (Cheeseman, 2017). Nigeria's 2015 election, for instance, was widely hailed as a victory for democracy (Lewis and Kew, 2015; Mustapha, 2017).

This thesis has argued that analysing politics exclusively through the lens of democratic consolidation in weakly institutionalised contexts neglects important dimensions. Endogenous motivation for rule-following requires explanation (Greif and Kingston, 2011), as the formal rules of the game tend to be leveraged for authoritarian ends rather than constraining executive power. The existence of opposition parties, or even elections, may reveal little about the nature of political structures (Svolik, 2012). The thesis suggests, for instance, that the critical juncture of the Senate decision to prevent Obasanjo's bid for a third term solidified Nigeria's trajectory away from a dominant political settlement characterised by unipolar leadership towards a more competitive, multiple-agent one. The 2015 elections were important, but less because they were a victory for democracy than that they signalled that an oil-rich state that had experienced 32 years of relatively unipolar military rule (notwithstanding 1979 to 1983) could decisively break with that past and transition into a more multipolar settlement where players external to the ruling coalition became more important to the configuration of power.

Using an analytic narrative approach, this thesis has explained why two similarly oil-dependent African nations have moved in different institutional directions, and why oil-for-infrastructure deals with ANOCs between 2004 and 2007 succeeded in Angola but failed in Nigeria.

First, it used an off-the-shelf model to extend the analytic narrative project into the realm of comparative case studies. It explained that if a ruler were able to acquire enough diversionary power – without members of his ruling coalition staging a successful coup – then he could achieve dictatorship or *established* autocracy. In Angola, dos Santos was able to do this. No Nigerian leader was able to accomplish a similar feat, leading to chronically *contested* autocracy and multiple leadership changes.

Second, the analytic narrative evaluated a model through comparative statics and the testable implications the model generates. In other words, "the equilibrium analysis leads to comparative static predictions that produce testable implications even if they're not the main assertion of the case" (Levi & Weingast, 2016:6). These predictions are about equilibrium shifts in response to changes in exogenous variables, allowing the analyst to identify the reasons for the shift. For comparative research, Levi and Weingast (2016:7) argue that comparative statics are crucial "because they generate hypotheses of what could have taken place under different conditions [and] therefore clarify the relationship between the key endogenous and exogenous variables" (Levi & Weingast, 2016:7).

The comparative static propositions that flowed from the Svolik (2009) model were tested in chapters four and five. Chapter six explored the oil-for-infrastructure deals with ANOCs and hypothesised that Nigeria was in transition from a dominant to a competitive development trajectory. Obasanjo's inability to secure a third term reflected a high degree of fragmentation within the ruling coalition of the PDP, which also explains why the deals were not successful in that context. It also signified a critical juncture in that the appeal to a formal institution laid the path towards an increasingly competitive political settlement. In Angola, dos Santos used the deals to maintain personal dominance within the MPLA through avoiding external constraints on the exercise of power and ensuring that his loyalists could stay wealthy.

The first part of this thesis offered an analytic narrative to explain why, in two comparable petro-states, one (Nigeria) experienced leadership and institutional volatility while the other (Angola) was relatively stable in this respect. Post-independence, Nigeria's development pathway was punctuated by multiple successful coups and extended periods of military rule. Abacha's rule from 1993 to 1998 saw a reversal of many prior institutional gains towards multipolarity, but his death nonetheless constituted a critical juncture away from coups and military domination towards civilian rule. Angola endured 27 years of civil war immediately after independence, but dos Santos gained increasing levels of diversionary power and achieved dictatorship under the cover of war. There was only one coup attempt in 1977. It failed and suspected collaborators were eliminated. The 2002 death of Jonas Savimbi was, similarly to Abacha's death, a critical juncture for Angola, albeit for very different reasons to the Nigerian case. Whereas Abacha's death ushered in civilian rule in Nigeria, Savimbi's death presented the opportunity for dos Santos to further cement his autocracy. It also allowed the extension of personal wealth as oil rents started to grow exponentially.

The second part of the thesis explored the dynamics by which both countries started to build relationships with Asian partners in the decade following the turn of the century, particularly between 2004 and 2007.

In Angola, the inner circle of the MPLA and Sonangol built subsidiary companies such as China Sonangol, through which rents were channelled for personal enrichment (Burgis, 2015; Mailey, 2015) and what Soares de Oliveira (2015:51) called “the spectacle of reconstruction”. The government’s growing relationship with China, and the Queensway Syndicate in particular, facilitated oil-for-infrastructure deals required for post-war reconstruction and access to finance. Importantly for dos Santos’s power accumulation strategy, the deals loosened the transparency constraints that would otherwise have been attached to IMF loans.

In Nigeria, Obasanjo attempted to build deals with ANOCs to secure sufficient rents to fund his bid for a third term. However, he did not have an efficient vehicle like Sonangol at his disposal, which partly accounts for why the deals failed. Moreover, enough members of the Senate from within the PDP were committed to ending autocratic proclivities in Nigeria that they blocked Obasanjo’s bid to amend the constitution in 2006 (Emmanuel, 2013; Isumonah, 2012). This sealed Nigeria’s institutional evolution (Fadiran, 2015) towards a competitive political settlement, a partial function of historical path dependence that had its origins in early efforts at civilian rule in between military takeovers.

One of the typical manifestations of the oil curse post-1970 is authoritarian rule. Little research, however, has been directed towards explaining the heterogeneity of regimes within the oil-rich authoritarian category (Svolik, 2012). This thesis goes some way towards this and explains why dos Santos ruled for 38 years, having achieved dictatorship within the first six years of his rule, and how he harnessed oil rents to do so. It also explains why no Nigerian leader was able to accomplish a similar feat. Using a simple game theoretic model, the thesis has shown that in similarly oil-wealthy countries, authoritarian tenure duration is better explained by the relative ability of the leader to acquire diversionary power than by prevailing explanations that appeal to ethnic fragmentation and geographic differences. If diversionary moves are detected by members of the ruling coalition, and they possess *ex ante* credibility to launch a coup, the leader will be toppled. If those moves are undetected, or the members of the coalition do not possess *ex ante* credibility to launch a coup, the leader can purge threats and accumulate power to the equilibrium point where he is unlikely to be dislodged through internal coalition moves.

The benefit of an analytic narrative approach to this comparative case study was that the model's application was closely informed by the history of each case. Rooting the study in history addresses a recent criticism that access order theories in the NIE are ahistorical (Gray, 2016). The thesis showed, for instance, that Nigeria's institutional evolution, uneven as it was and punctuated by military rule, eventually moved from the 'dominant discretionary' to the 'competitive clientelist' political settlement category, setting the country on an entirely different development trajectory to its Angolan counterpart. Angola remained firmly embedded in the dominant category, characterised by unipolar leadership until dos Santos surprisingly lost power in 2017. Applying a single model to both cases illuminated the determinative variables in each case without resorting to overly complex causal explanations. This satisfies Occam's Razor.

The thesis has therefore contributed both to the resource curse literature and to extending the analytic narrative project into the comparative case study domain. It has also contributed to the new institutional economics and political settlements literatures through showing how oil rents shape institutional evolution and influence political structure. It tested the hypotheses informed by these literatures and suggested modifications in light of the case studies. Lastly, the thesis has contributed to the 'China in Africa' literature by showing that China's energy security strategy in oil-rich African countries is highly differentiated. It found fertile soil in Angola through the Queensway Syndicate, but was less successful in Nigeria. While the relationship in Angola was less predatory than was often conveyed in the media, it did provide a channel for the dos Santos regime to avoid IMF conditionality constraints that would have been inconvenient for power accumulation strategies.

The remainder of the chapter provides a brief comparative description of the evolution of Nigeria and Angola's political economy during the oil price boom from 2007 to 2014, when the price crashed, and how that exogenous shock shaped the respective political settlements thereafter vis-à-vis the national oil companies. The oil price is the primary exogenous variable influencing the strategic capabilities and choices of the political principals in each case. On the basis of this description, and informed by the findings of the thesis, the chapter poses questions and hypotheses for future work.

7.2 The continued centrality of oil to Angola and Nigeria from 2007 onwards

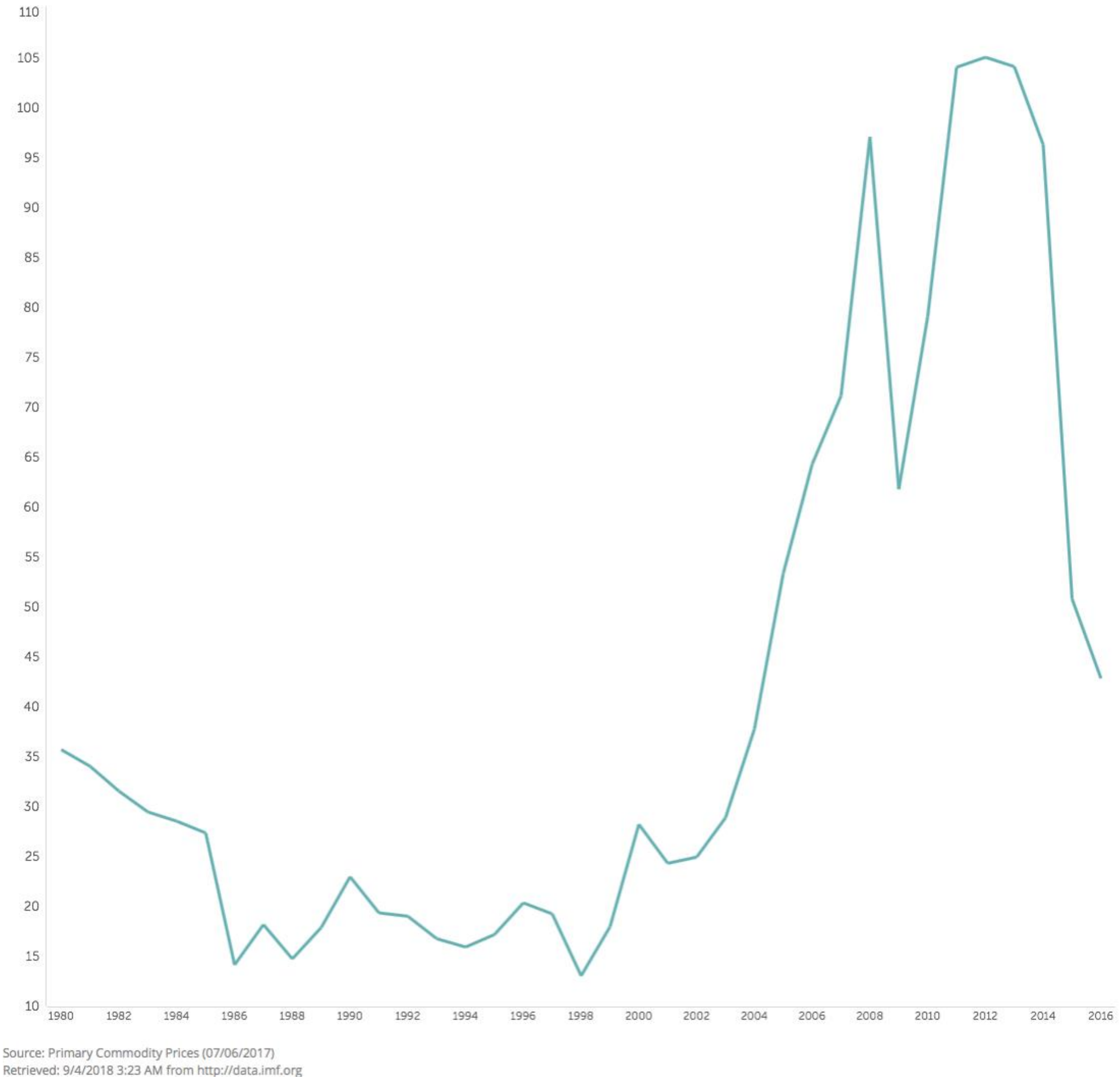

Figure 7.1: Average global spot crude oil prices per barrel from 1980 to 2016
Source: International Monetary Fund (2017a)

Figure 7.1 shows that the global oil price started to climb over the period examined in the previous chapter and continued to do so except for a brief shock around the 2008 global financial crisis. It recovered to a peak value in 2013 of $108 per barrel before crashing to 2005 levels. After the price shocks of the 1990s, oil rents grew in Nigeria and Angola, sustaining expanded patronage networks and a bloated civil service, two typical features of the resource curse (Robinson et al., 2006). Figure 7.2 shows the respective oil revenue figures for Nigeria and Angola between 2007 and 2016.

Figure 7.2: Oil revenues in Angola and Nigeria, 2007 to 2016

(Note: The custom variable in the graph is *oil rents (as % of GDP)* multiplied by *GDP in constant US$2010*)

Source: World Bank (2018)

7.3 NNPC (Nigerian National Petroleum Company)

Nigeria's national oil company, NNPC, sells approximately one million barrels of oil a day, around half of the country's total production. Worth an estimated $41 billion in 2013, NNPC oil sales constitute the government's largest revenue stream. Average prices for Nigeria's sweet crude topped $110 per barrel during the 2011-2014 boom, yet treasury receipts from oil sales fell significantly over the same time. In 2014, Nigeria's central bank governor, Lamido Sanusi, claimed that $20 billion worth of NNPC oil sale revenue had gone missing. A 2015 report by the Natural Resource Governance Institute (NRGI) found that the quality of NNPC's oil sales management had deteriorated considerably since 2010 (Sayne, Gillies & Katsouris, 2015:1). Figure 7.3 shows the oil price against oil sale receipts.

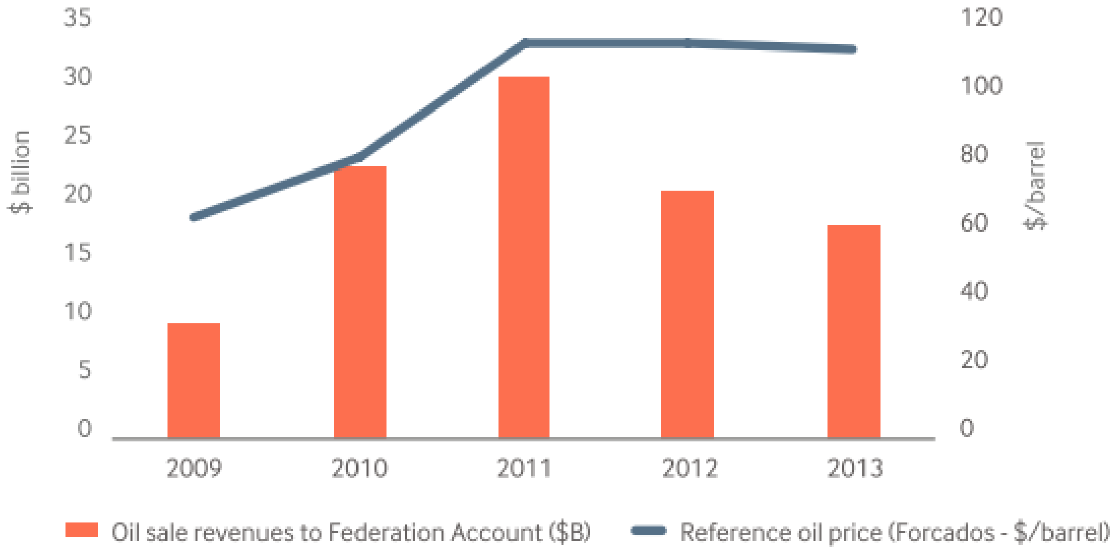

Figure 7.3: Oil prices versus Federation Account oil sale receipts, 2009-2013

Source: Sayne, Gillies, Katsouris (2015:3)

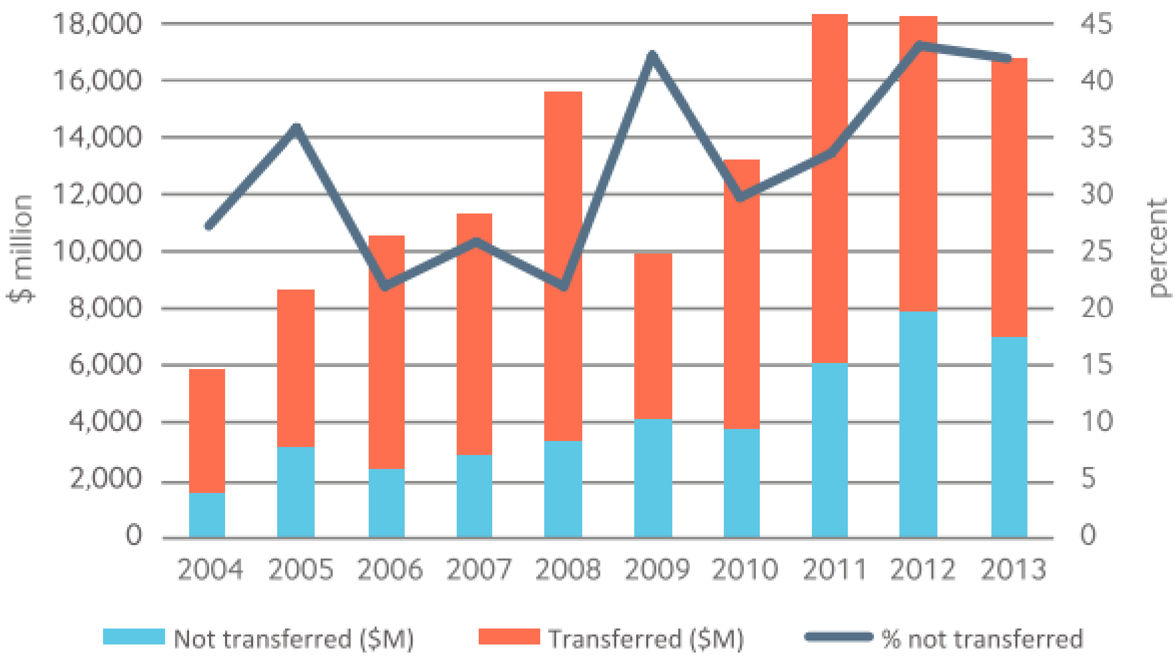

Figure 7.4: Reported domestic crude sales earnings versus treasury receipts, 2004-2013

Source: Sayne, Gillies, Katsouris (2015:5)

The graphs above indicate a startling failure on behalf of the NNPC to maximise oil returns for the nation's development aspirations. "Despite NNPC's debilitating consumption of public revenues and performance failures, successive governments have done little to reform the company" (Sayne, Gillies & Katsouris, 2015:2).

The NNPC's Crude Oil Marketing Division (COMD) sells most of Nigeria's share of production for export, predominantly through term contracts, which typically last a year but are often rolled over without following due process. Most contract holders are trading companies, along with a few foreign governments. Whereas most of the world's major oil producers sell to foreign refineries, Nigeria sells mostly to traders. The largest buyers from the COMD are Vitol, Glencore, Trafigura – which features prominently in the Angolan story below – Arcadia, Mercuria, Addax and Gunvor (all Swiss-based). Experienced Nigerian trading companies – Sahara and Taleveras – are the largest local buyers. The COMD also sells oil to NNPC subsidiaries, which are largely trade-focused, and a few foreign refineries, most of which do not process the crude they buy. For instance, the Fujairah refinery, owned by a Vitol subsidiary, is not configured to process Nigerian crude. A different subsidiary then sells that oil on the spot market.

Finally, the NRGI found that the NNPC's corporate governance was weak, with little to no oversight or transparency. More than half of Nigeria's public revenues flow through the NNPC, yet it remains highly secretive. Sale data management practices are disorganised and inaccurate with one government task force finding, for instance, "two separate sets of oil sale books that diverged at times by more than $100 million per year" (Sayne, Gillies & Katsouris, 2015:10). Consequences for mismanagement hardly exist. Overall, the NNPC's "dysfunctional and costly oil sales system,… characterized by… deals with weak commercial justifications, has cost Nigeria revenues that it needs for its development priorities" (Sayne, Gillies & Katsouris, 2015:11).

The NNPC appears to have been a prominent source of rents for maintaining patronage networks, but no clear strategic relationship appears to exist between how the NNPC operates and how the political settlement evolved from 2007 and 2014. This is fundamentally different from the way in which Sonangol clearly served to further entrench the dos Santos regime in Angola.

7.4 PDP power struggle

The power struggle that developed within the PDP after Umaru Musa Yar'Adua became the president in May 2007 appears to have had less to do with acquiring oil rents and more to do with maintaining the north-south rotational institution, which had become the ruling coalition's internal power-sharing mechanism post-1999. Northern supporters of Yar'Adua were concerned that if Goodluck Jonathan, Yar'Adua's running mate for the 2007 elections, became the president, then another Southerner would become endowed with incumbency powers at Northern expense, violating the eight-year rotational agreement. Several prominent former successful coup-plotters supported Abubakar as a Northern challenger to Jonathan for the primaries ahead of the 2011 elections. Both sides attempted to bribe delegates to vote for their candidate, which appeared to be inconsequential for the result, as Jonathan won with over 75 percent of delegates' votes (Lewis, 2011:67). He then won the national election with a majority of almost 59 percent.

Lewis (2011) summed up the post-2011-election situation in Nigeria as a 'fiscal disaster', with the PDP government drawing down external reserves, increasing its deficit through expanding domestic debt and depleting the oil-reserve account to "pay for its bid to remain in office" (Lewis, 2011:73). The government's mismanagement of the economy also had an increasingly determinative impact on voter behaviour. Bourne (2015:228) notes that Nigeria's oil prowess was undermined post-2011 by "the arrival of new supplies, from Brazil, Ghana and east Africa, the greater oil independence of the US as a result of the shale oil revolution, and the steady growth of energy substitutes in a decarbonising world". In 2013, Nigeria was still one of the top four oil suppliers to the US. By July the following year, it did not export a single barrel to the US. In the second half of 2014, the price dropped further to $60 per barrel, creating serious budget problems in both Nigeria and Angola.

7.5 Sonangol

Contrary to the NNPC, Sonangol – essentially a shadow state for advancing ruling coalition power and rent acquisition (Soares de Oliveira, 2015, 2007) – has been more competent and efficient. Through Sonangol, Angola has generated higher levels of commitment credibility among foreign investors than Nigeria. Consequently, Stephens (2016:2) writes that: "[d]espite the country's history of political instability and lack of technical expertise, Sonangol has managed to maximise revenue for the government and create an investor-friendly environment". However, he also notes that Sonangol's "loosely defined, quasi-sovereign status has allowed for dubious financial management" (2016:5), which includes quasi-fiscal activities worth $31.4 billion between 2007 and 2010 (roughly a quarter of the country's GDP) that had not been managed via ordinary rules of public financial management. While its competence as a producer and a regulator is well recognised, "there are concerns over Sonangol's lack of transparency and accountability, and the tight control exercised over it by an autocratic elite, which has enriched itself while leaving most of the country desperately poor" (Stephens, 2016:5).

The IMF's reconciliation exercise to account for the missing $31.4 billion found that Sonangol had bankrolled sizable public works projects and serviced public debt, retaining revenue it owed to the state as reimbursement for these activities. There is still no accurate description of these projects or an explanation for why they were paid off-budget. The IMF also noted that some funds were directed into foreign escrow accounts for unclear reasons, and $4.2 billion (14 percent) of the shortfall remains entirely unaccounted for (Sayne & Gillies, 2016:11).

Sonangol's relationship with the CIF may explain some of the revenue diversion and is well documented by Mailey (2015). Most of the syndicate's investments in crude exploration and production in Angola are channelled through China Sonangol, a joint venture between the CIF and Sonangol (see Table 7.1 below), in which Sonangol owns a 30 percent stake.

Table 7.1: Queensway's Oil Assets in Angola

Company	Oil Block	Stake	Years Held
China Sonangol	Cabinda North	11%	2011-present
China Sonangol	3/05	25%	2005-present
China Sonangol	3/05a	25%	2005-present
SSI	15/06	25%	2006-present
SSI	17/06	27.5%	2006-present
SSI	18/06	40%	2006-present
SSI	18	50%	2005-present
China Sonangol	19/11	10%	2011-2013
China Sonangol	20	10%	2011-2011
China Sonangol	31	5%	2011-present
China Sonangol	32	20%	2010-present
China Sonangol	36/11	20%	2011-present
China Sonangol	38/11	15%	2011-2014

Source: Mailey (2015:30)

The previous chapter mentioned that the GRN had been established as the vehicle for managing the infrastructure projects associated with the oil-for-infrastructure deals, most of which were executed by the CIF. In 2010, its responsibilities were transferred to Sonangol Imobiliária, a Sonangol subsidiary, shortly after the CIF ran into financial difficulties (Mailey, 2015).

China Sonangol provided the cover that dos Santos and his ruling coalition required to appear to be more transparent yet still achieve their political and material ambitions. Mailey (2015:42) discerned that "Luanda could enact some of the pro-transparency reforms the international community had been pushing on Sonangol for decades while keeping its slush fund in the form of China Sonangol".

A year after the 2008 financial crisis, amid rising oil prices, the Angolan government negotiated a $1.4 billion bailout loan with the IMF. While it was negotiating this deal, China Sonangol began purchasing hundreds of millions of dollars of foreign real estate (including $150 million for 15 Broad Street in New York) (Levkowitz et al., 2009) and other assets (listed in Mailey, 2015:96, Table 7.4). Mailey (2015) notes the irony, given that China Sonangol is 30 percent owned by the Angolan state, that the IMF was unwittingly subsidising the company's foreign real estate acquisitions.

At the centre of the Angolan Futungo's post-war commercial prowess were Kopelipa, Vicente and Lopo do Nascimento. They generated rents from both sides of the oil-for-infrastructure deals. In the oil business itself, one vehicle for rent acquisition was Nazaki Oil and Gáz, a private Angolan oil firm secretly owned by Vicente and Kopelipa (beneficial ownership was not disclosed at the time). In 2010, Lopo do Nascimento was appointed as adviser to Kopelipa on the deal. While head of BP in Angola (until 2008), Joe Bryant cultivated relationships with the Futungo. In 2008, he left BP and started his own firm called Cobalt, taking BP's head of exploration with him. Goldman Sachs, Carlye and Riverstone provided the $500 million capital to launch Cobalt. In the process of negotiating exploration rights with Sonangol, the Angolans stipulated that Cobalt would also be required to partner with two smaller private firms, one of which was Nazaki. In 2010 a contract was signed with Cobalt as the majority 40% shareholder and operator, Sonangol with a 20% stake, and Nazaki 30%. The minority partner (10%) was Alper Oil (Burgis, 2015:294). Sonangol awarded the contracts and did not disclose to Cobalt that Vicente and Kopelipa were owners of Nazaki. Had the company known, Cobalt would have been guilty of violating the Foreign Corrupt Practices Act. Burgis (2015) suggests that Cobalt's lawyers might have found a clue – in their due diligence – in the fact that the seventh shareholder of Nazaki was named as a company called Grupo Aquattro Internacional, whom Rafael Marques de Morais – an independent Angolan investigator – had publicly exposed as having links to the Futungo through Vicente, Kopelipa and do Nascimento's shareholding (Marques de Morais, 2011).

On 30 January 2012, Vicente left Sonangol, not relieved of his position for corruption, but appointed as Angola's Minister of State for Economic Coordination on 30 January 2012. On 26 September that same year he was named as dos Santos's vice president (Mailey, 2015:42), fuelling speculation that he was being groomed to succeed dos Santos, whose health was increasingly rumoured to be failing. His political position was designed to oversee all areas of the executive's financial running of the state, including control over the Fundo Petrolifero (Oil Fund) and aiding dos Santos on the Economic Commission.

Roque (2013:2) speculated that while "this was initially seen as a move to reposition Vicente as the successor to the president, it may in fact have been a strategy [by dos Santos] to dilute [Vicente's] influence over Sonangol and the economy". However, Vicente was never a direct political threat to dos Santos. Moreover, if dos Santos was trying to neutralise him, it proved ineffective, as Vicente made a strong comeback under dos Santos' successor. Moreover, Vicente continued to be involved in Queensway companies, despite charges of corruption starting to surface domestically and internationally. "Queensway appeared to have made itself indispensable to Angola's ruling regime and to key external players seeking to do business in the country" (Mailey, 2015:43).

In 2014, when the oil price crashed, Nigeria earned $38.4 billion in oil rents, while Angola earned $27.4 billion. In the same year, Nigeria produced the equivalent of 113 million tonnes of oil and Angola produced 83 million tonnes. Nigeria's central bank recorded that oil revenue accounted for 7.6% of total GDP in 2014, a slight difference from the World Bank's figure of 8.5%. Oil accounted for 67.5% of federally collected government revenue for the 2014 budget (Central Bank of Nigeria, 2014). In Angola, oil accounted for 69% of government revenue in 2014 (2.9 of 4.3 billion Kwanza) (Carvalho et al., 2015).

7.6 Discussion

A brief anatomy of the oil curse in Angola and Nigeria has revealed that its respective state-owned oil companies are at the centre of the contemporary development challenge, as they have been the primary rent generators and distributors. In Angola's case, Sonangol provided the distributive mechanism dos Santos required to consolidate his autocracy through ensuring that his generals remained wealthy enough but not politically powerful enough to threaten his rule. In Nigeria, the NNPC's role in shaping the political settlement is less clear though it has clearly been a primary rent source through which patronage networks are maintained. Both companies have been vehicles for unproductive revenue diversions at the expense of broad-based institutional development and economic performance.

As documented in both cases, a large volume of the oil revenue that was meant to accrue to the state was withheld and spent on off-budget "quasi-fiscal" items. In Angola, it was particularly clear that China Sonangol served as an enrichment vehicle for the inner circle of the Futungo and helped to keep dos Santos entrenched as an established autocrat. The next section briefly describes the respective changes that have occurred in Nigeria and Angola in the wake of the 2014 oil price crash. On this basis, it proposes questions for future research.

7.7 Institutional evolution in Nigeria and Angola since 2014

Figure 7.5 below shows oil price variations from July 2014 to July 2018. At the time of writing, the spot price of Brent Crude had recovered to $81.93 per barrel, but between June 2014 and January 2016, the price plummeted from over $110 a barrel to below $40 a barrel. In both cases, this created severe budget difficulties and placed pressure on the governments' ability to continue delivering services.

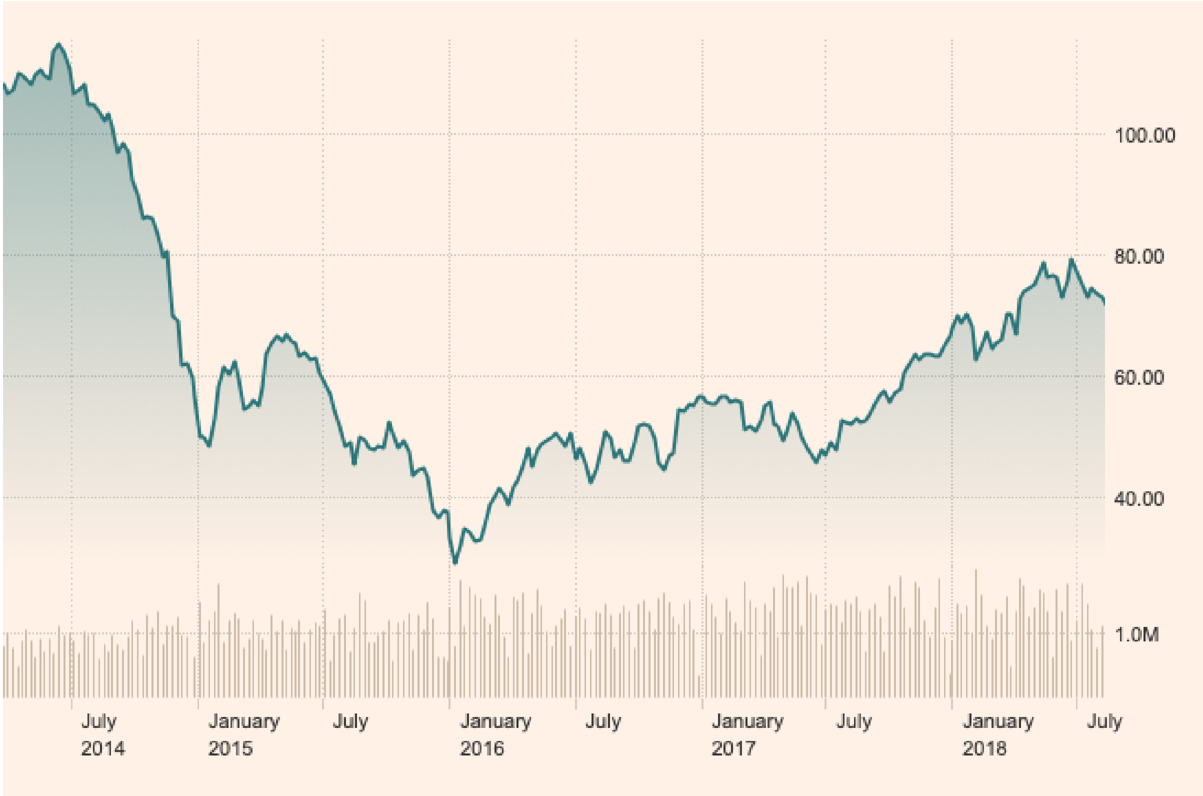

Figure 7.5: ICE Brent Crude Oil Prices for the last 5 years

Source: *Financial Times* (2018)

In 2013, Angola's exports were worth $59.9 billion, and it imported $22 billion worth of products. By 2016, its exports had declined in value to $25.4 billion (89 percent of which was crude oil), and imports had fallen to $9.79 billion. In Nigeria, export value fell from $94.8 billion in 2013 to $36.9 billion in 2016 (88% of which was oil and gas). Import value declined from $53.3 billion in 2013 to $35.1 billion in 2016. Figure 7.6 below shows that GDP per capita declined on the back of the oil price crash in both countries.

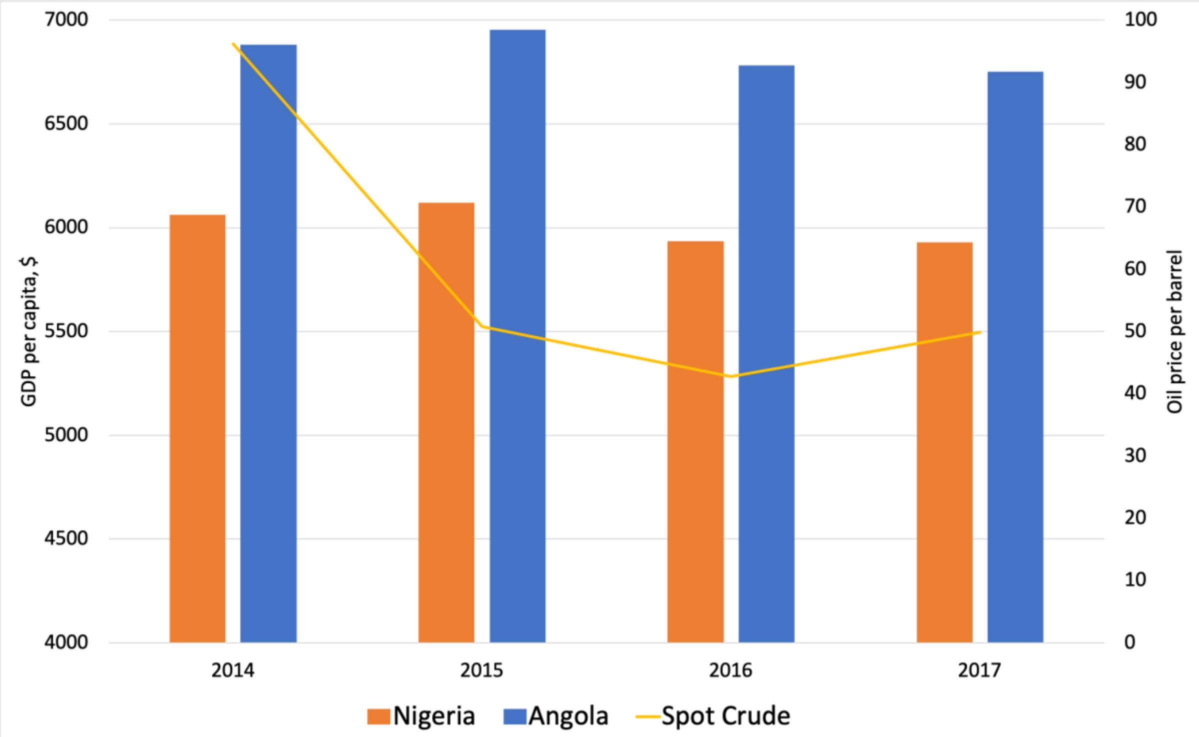

Figure 7.6: GDP per capita, current prices (Purchasing power parity; $ per capita) versus crude oil spot prices

Source: Author composition; IMF Data (2017b, 2018)

GDP per capita in purchasing power parity terms declined by roughly $200 per capita in both countries between 2014 and 2016, closely following the fall of the oil price (line plotted against the right vertical axis). Government revenues in Angola dropped from 4.57 billion AOA to 2.69 billion AOA in 2015, recovering to 3.51 billion AOA in 2016. Over the same time, the debt to GDP ratio climbed from 40.7 percent to 75.8 percent. In Nigeria, debt to GDP rose from 12.5 percent in 2014 to 17.6 percent in 2016. Government revenues over the same period were erratic, from a record low of 498.54 NGN billion in the second quarter of 2015 to 938.71 billion NGN in the third quarter of 2016 (similar to the figure for the 1st quarter of 2015 of 970.02 billion NGN).

The oil curse literature has much to say about the negative political effects of oil dependency in weakly institutionalised contexts. It has not focused much, however, on what is likely to materialise in those contexts when the oil price falls. This thesis has highlighted that dos Santos responded deftly to previous oil price shocks – they may have created debt crises for Angola but did not have a negative impact on his power accumulation strategy. In Nigeria, oil price shocks caused problems for every regime after the civil war ended in 1970. Prior to that, oil rents played a relatively small role in Nigeria's political economy. Since Abacha and Savimbi's respective deaths, however, oil has been the central feature of both countries' political economies. Since the 2014 oil price shock, therefore, both countries have experienced significant political changes. This raises a question of general interest: *Once a weakly institutionalised nation has become dependent on high levels of oil rents under sustained high oil prices, what are the likely political effects of a price shock?* The next subsection traces Angola and Nigeria's evolution in this respect.

7.7.1 The surprising decline of dos Santos in the wake of oil rent decline

Having achieved an unusually long tenure as a successful dictator, dos Santos started to become a liability to the MPLA. His strategic mistake appears to have been that he allowed political comebacks among those who seemed penitent but proved to be a more credible threat than anticipated. Three examples will suffice:

Marcolino Moco, who lost his job as Prime Minister in 1996 as a scapegoat for economic collapse (Soares de Oliveira, 2015:100), staged a political comeback in 2012 and openly criticised the president for holding on to power and positioning family members in key areas of the state machinery (Roque, 2013:3). General Fernando Miala, the head of external intelligence for the MPLA during the civil war, appointed in the late 1990s as dos Santos's primary emissary to China (Burgis, 2015), was purged in 2006 because he "had become too popular and was viewed as a potential political threat to the president" (Vines & Weimer, 2011:15). Miala was placed on trial in 2007 on trumped up charges of 'insubordination' and sentenced to four years in prison. During the trial, he broke the Futungo's code of silence and claimed that Chinese funds meant to rebuild Angola were being abused (Burgis, 2015). Two years after sentencing, Miala was released on a presidential pardon and made a political comeback, becoming the president's personal emissary again in 2012 (Soares de Oliveira, 2015:100 fn 25). João Lourenço was removed from his position as MPLA secretary-general in 2003 for publicly expressing ambition to succeed dos Santos as president after dos Santos had hinted that he would retire (Vines & Weimer, 2011; Pearce, Péclard & De Oliveira, 2018). Like Miala, Lourenço launched a comeback and was appointed as Minister of Defence in 2014.

This fits Svolik's (2012:2354) description of how established autocrats counter threats to their rule: "key administrators or military commanders are periodically purged, publicly humiliated, rotated across posts, or dismissed and later reappointed".

However, instead of eliminating critics such as Moco, Miala and Lourenço, as he might have done earlier in his rule, dos Santos began to make contingency plans to protect himself in the event of having to relinquish power. He appointed Jose Filomeno, his son, as a succession option, as well as appointing him head of Angola's $5bn Sovereign Wealth Fund (FSDEA). In June 2016, he fired the Sonangol board and appointed his daughter, Isabel, as the CEO. He also attempted to provide them with immunity from presidential interference.

An expectation that dos Santos might relinquish power then began to grow. Vines (2016:1232) noted, after an announcement that dos Santos would step down in 2018 after the 2017 elections, that this would be "transformative for Angola's future". He also cautioned, however, that such announcements generally served to "smoke out competitors for the presidency and stunt their aspirations" (Vines, 2016:1237), probably a reference to Lourenço's 2003 blunder. Dos Santos was also under increasing pressure to sustain an elaborate patronage network on which his power had come to depend. Declining oil rents therefore constrained his political options. He admitted in a July 2016 interview that Angola was struggling to service its debt (Vines, 2016:1236). After coming close to striking a bailout deal with the IMF to the tune of $1.4 billion, the oil price rose sufficiently to convince dos Santos to withdraw. It would have been politically inconvenient for the MPLA to run an election campaign subject to IMF transparency and accountability constraints. Nonetheless, a prolonged period of lower oil prices – a strong external shock in a country that had become so addicted to oil rents – meant that the equation for determining elite self-interest within the ruling coalition had changed (Soares de Oliveira, 2015; Vines, 2016).

The MPLA re-elected dos Santos as its president in August 2016 and placed him first on its candidate list ahead of the 2017 national elections. Lourenço was appointed as vice president. In February 2017, however, dos Santos again announced that he would step down as country president and not be eligible for the 2017 national elections (Associated Free Press, 2017). He would nonetheless remain as MPLA president until 2022. The MPLA Central Committee then announced Lourenço as its nominee for the presidential candidate. While the move was widely perceived at the time as continuous with the old guard (Roque, 2017) and Lourenço was reported to be a dos Santos loyalist (Africa Confidential, 2016), choosing Lourenço was more likely "the culmination of a protracted tug-of-war between the presidency and important segments of the party… [and his] rise was hardly an optimal outcome for Dos Santos" (Pearce, Péclard & De Oliveira, 2018:148–149). A loose coalition – concerned that the MPLA was a sinking ship under continued dos Santos rule – had formed around Lourenço. Many members of this coalition had been dos Santos loyalists for decades.[29]

The MPLA won the August 2017 elections with 61.08 percent of the vote, with UNITA's share climbing to 28.68 percent. These results "came as a reminder that, in spite of the hopes for *mudança* raised by the elections within political and civic opposition circles, little had changed in *realpolitik* terms" (Pearce, Péclard & De Oliveira, 2018:154). The "opposition remained fully dependent on its participation in the MPLA-controlled theatre of formal politics" (Pearce, Péclard & De Oliveira, 2018:154). Further supporting the argument that a coalition of former dos Santos loyalists had formed around Lourenço, in April 2018 the MPLA reversed its decision to keep dos Santos as president of the party until 2022. The politburo approved Lourenço's candidacy to replace dos Santos as party president at a special congress to be held in September 2018 (Africa Confidential, 2018a). When Lourenço became head of state, he fired Isabel and Jose Filemeno from their positions. Some have argued that this did not signal discontinuity with the dos Santos regime, but was necessary to build credibility among foreign investors to raise revenue for a cash-starved and highly indebted economy.[30]

[29] The simplest explanation for this 'tug-of-war' appears to be that dos Santos was aging – and had suffered prolonged ill health (Cropley, 2017b) – and therefore the members of his ruling coalition were positioning for the inevitable disruption of an equilibrium that could not be maintained. However, he was only 75 years old at the time of deposition (2017), 12 years older than his successor, Lourenço. Yoweri Museveni, the long-standing (31 years now) Ugandan autocrat, is 75 (at the time of writing) and his ruling coalition appears to be avoiding succession politics jostling. In fact, because of the constitutional age limit for presidential candidates, parliamentarians are working towards an amendment to remove that constraint (Temin, 2017). For explaining Angolan succession politics, then, old age and deteriorating health may be less important than the factors explored above. For comparative historical reference, Salazar was 81 years old when he died in 1970, and members of his ruling coalition appear not to have jostled for position prior to his death (Maxwell, 1976). They did not even tell him that he had been replaced as head of state when he suffered a stroke in 1968. If anything, they failed entirely to plan for his death, whereas the prospect of dos Santos's death may have at least spurred members of the MPLA inner circle to start thinking about the party's future. Dos Santos's Zimbabwean counterpart, Robert Mugabe, was, by contrast, 93 years old when he was deposed (in the same year as dos Santos). Mugabe had also been subject to deteriorating health. Aging and health deterioration, therefore, more simply account for ZANU-PF's internal jostling than the MPLA's. Mugabe's successor, Emmerson Mnangagwa, was 75 at the time of ascending to the position of party and country president.

[30] Personal communication with Alex Vines, 2018. This view is in keeping with the general 'continuity' consensus mentioned above. Vines has a strong point that everyone in the MPLA understands the need to raise money for

This thesis has shown that dos Santos was remarkably successful at achieving dictatorship. It has also shown that the Svolik (2009) model works very well for explaining divergent political outcomes within comparable oil-wealthy states in the dominant discretionary category. But dos Santos failed to maintain his autocracy even after 38 years in power. Dos Santos in 2017 is relatively anomalous in the category of comparable aging and established dictators such as Salazar (see Gallagher, 1979; Maxwell, 1976), Franco or Tito, all of whom were indispensable to their ruling coalitions, which floundered promptly after their leaders' deaths in office.

In the same year (2017) that dos Santos had his power removed by his party, his Zimbabwean counterpart, Robert Mugabe – who had ruled for 37 years – was ousted through a military coup. As late as 2016, prominent commentators had argued that the Zimbabwean National Army (ZNA) was unlikely to break ranks with Mugabe and the ruling party, the Zimbabwe African National Union-Patriotic Front (ZANU-PF) (Martin, 2016). Until that moment, the military had shared ZANU-PF's guiding axiom of civilian supremacy and were deeply imbricated in the ruling party's patronage system. A year later, Martin (2017) wrote – to explain the unexpected coup – that the perpetrators "saw their own fading political relevance and so decided to cross the Rubicon in an effort to preserve their privileged national status". A tit-for-tat escalation of hostility (similar to the MPLA's tug-of-war) between a faction of the ruling coalition (the 'G40') aligned to Grace Mugabe (Cropley, 2017a), the president's wife, and the military ('Lacoste') faction, loyal to Emmerson Mnangagwa (the former vice president), culminated in the late-November coup of 2017. The G40 were predominantly career civilians dissociated from ZANU-PF's pre-1980 liberation war, strongly opposed to Mnangagwa. Grace

Angola. Removing members of the dos Santos clan from positions of power may send the desired signal to foreign donors and investors in this respect. However, Lourenço's willingness to defend Vicente against indictment by Portuguese authorities suggests that purging dos Santos family remnants was more about internal MPLA politics than external attempts to alleviate revenue constraints.

Mugabe had cultivated a power base among these youth and the women's league of the party. Robert Mugabe fired Mnangagwa on 6 November 2017, a move perceived to have been at the behest of his wife; a coup catalyst and political miscalculation. Mnangagwa became state president in Mugabe's place through the 2017 coup and has continued in that position since ZANU-PF won the disputed July 2018 elections.

The MPLA and ZANU-PF 2017 cases constitute exceptions to the predictions of the Svolik (2009) model. Dos Santos and Mugabe are among a handful of successfully established dictators in modern authoritarian regimes that have lost power through internal coalition rebellion. The MPLA was effectively able to re-establish a power-sharing mechanism within the ruling coalition while its leader was still alive and had not lost senility. While the probability of successful power sharing generally declines in the ruler's power (Svolik, 2009), and did so increasingly under dos Santos, the probability does not disappear altogether, and seemed to decline steeply when oil rents crashed in Angola after having been plentiful for a prolonged period.

7.7.2 Questions for future research

This raises a question for future research as to exactly how dos Santos's ruling coalition wrested power from dos Santos despite his efforts to maintain kleptocracy. Some specific questions that may be worth pursuing are as follows:

- Why exactly had dos Santos become a liability to the MPLA *after* having established autocracy? Other aging, established dictators – Franco, Salazar and Tito, for example – seem to have been regarded as indispensable assets by their parties, and indeed their parties swiftly lost power after their deaths in office.

- What were the mechanisms involved in re-establishing a power-sharing mechanism and how did the Lourenço coalition ensure success without being prematurely detected?
- To what extent did declining oil rents weaken dos Santos's hand and reduce his diversionary power?
- If declining oil rents is the primary explanatory variable for power loss, was it because the associated patronage networks required for power maintenance were too vast to fund after having grown so prodigiously during the post-war oil boom?
- Did the formal rules of the game and electoral politics start to matter in ways previously considered unlikely, given that dictators like dos Santos tend to subvert elections for authoritarian ends and use them as information-acquiring devices?
- If an established autocrat loses power *internally*, does it become more likely that his party will lose power *externally* through elections?
- Does the re-establishment of a power-sharing mechanism within the MPLA mean that Lourenço is unlikely to be able to establish autocracy himself?

Associated hypotheses are as follows:

- Maintaining kleptocracy is expensive – co-optation and repression require rents that may diminish over time – and oil rent decline may render the financial and transaction costs too high for even an established dictator to sustain the effort.
- Placing one's children or other family members in positions of power towards the end of one's rule – ahead of long-serving loyalists – is a precipitating factor for power loss among established autocrats.
- The members of dos Santos's ruling coalition realised that the MPLA – and therefore their own future access to power and rents – was declining in popularity because of dos

Santos, and therefore they were able to overcome potential collective action problems and launch a credible soft coup to protect their longer-term political positions.

- If Lourenço has any aspirations for establishing an autocracy, these will be thwarted by the very power-sharing mechanism that elevated him to power.

It does not appear as if Lourenço will be able to acquire the diversionary power that dos Santos was able to or the kind displayed by Xi Jinping in dismantling the informal power-sharing arrangement within the Chinese Communist Party in 2018 (Hammond et al., 2018). If he is unable to reform Angola's economy away from oil-dependence and reduce its debt burden, and resolve the MPLA's old intra-elite disputes, the party itself may indeed lose the next elections despite its powers of incumbency to rig them. However, the Economist Intelligence Unit (2018a) considers this unlikely, especially given the recent recovery of the oil price.

7.7.3 Nigeria's political evolution towards a more normal equilibrium

Nigeria's political settlement evolved so rapidly after Abacha's death that it is now relatively incomparable to Angola's. The Svolik model is no longer applicable to the Nigerian case beyond 2006. This thesis has shown that despite Obasanjo's efforts to acquire diversionary power, the 2006 Senate decision to thwart his third-term ambitions cemented Nigeria's evolution towards civilian rule that was no longer subject to credible coup-plotting. It is nonetheless unusual for an oil-wealthy government to lose power after having maintained incumbency for 17 years. However, Goodluck Jonathan's ascendancy to power within the PDP after Yar'Adua's death in office in May 2010 distorted the fragile power-sharing mechanism within the ruling coalition. Even that mechanism was an indication of a move away from unipolar leadership (Abacha) to multipolar leadership (despite Obasanjo's efforts to maintain dominance). That bargain was anchored in a rotational agreement that power would alternate every eight years between a Northerner and a Southerner. External elite interests also started to play an increasingly important role in shaping Nigerian politics. Economic mismanagement in turn proved costly for the PDP, with the post-2011 government drawing down external reserves, growing the deficit through expanding domestic debt and depleting the oil-reserve account (Lewis, 2011).

By 2015, the government's mismanagement of the economy had a determinative impact on voter behaviour. For the first time since independence, expected voter behaviour mattered more for determining Nigeria's political economy trajectory than internal ruling coalition dynamics. Declining oil revenues weakened the PDP's incumbency power to alleviate external constraints, but even during the oil boom – as the previous chapter showed – NNPC mismanagement reduced the rents available to Jonathan to appease internal coalition fragmentation in the wake of having distorted the power-sharing mechanism that had held the PDP together from its inception. Jonathan himself had initially promised (in 2013) that he would not run for office in the 2015 elections. He reneged, which precipitated a move by five PDP state governors to join the All Progressives Congress (APC), which had been started earlier that year as an alliance between Buhari's CPC and the Action Congress for Nigeria.

The upshot was that

> Nigerians woke up at the end of March 2015 to find they had done something unprecedented in their country: they had voted out a sitting president and put an end to 16 years of rule by the PDP. The victory for Muhammadu Buhari of the All Progressives Congress was comfortable, by 15.4M votes to 12.8M for Goodluck Jonathan, but not overwhelming (Bourne, 2015:271).

Bourne (2015) hypothesised that Buhari won as a result of a combination of factors – his character (the electorate trusted him to deal with corruption and Boko Haram despite being 72 years old); the internal erosion of the PDP against the efficacy of the APC; the courage of the electoral commission’s leadership; the vigilance of civil society; and the reduction of information asymmetry between the ruling elite and the younger portion of the electorate (through social media) (Bourne, 2015).

Lewis and Kew (2015) similarly argued that the electorate would no longer tolerate insecurity, corruption and economic mismanagement. Buhari, despite having lost four elections, was a publicly revered candidate. Jonathan’s attempts to employ incumbency advantage, by releasing large cash reserves to try and co-opt defectors back into the fold, for instance, were ineffective. Moreover, “Jonathan proved unable to engage effectively with the north, leaving a gap of mistrust and political division” (Lewis & Kew, 2015:108). Buhari, to the contrary, had Northern support. Through an alliance with Bola Tinubu, a former governor of Lagos State and regional godfather, he was able to secure support in the south-west too (Africa Confidential, 2018b; Bourne, 2015).

Since the 2006 senate decision to block Obasanjo’s third term, the formal rules of the game became inadvertently more important for Nigeria. At first, they were expedient tools for use by senate members opposed to Obasanjo’s diversion efforts. Paradoxically, they had a path dependent effect that ushered in more reforms in the direction of making the formal rules more binding. Moreover, religious and ethnic fragmentation started to matter less for coalition-building than they had in the past. All coalitions that competed in the 2015 elections saw the necessity of building internal elite bargains and power-sharing mechanisms that balanced historical fault lines. I therefore propose the following hypothesis to be tested in future work:

- Transitions away from the dominant trajectory towards the competitive trajectory are more likely to emerge from conditions of *contested* rather than *established* autocracy, especially when the incumbent is constrained by diminishing rents to fund patronage networks and smooth over internal fragmentation.

Nigeria's transition into a more competitive political settlement has yet to deliver peace and security or inclusive economic prosperity, however. "Efforts to introduce market-oriented reforms and diversify the economy away from oil come up against vested interests, ideological opposition and bureaucratic inefficiency" (Economist Intelligence Unit, 2018b:2).

For advancing analytic narrative and political settlements analysis in oil-rich contexts more generally, the thesis raises the following questions:

- Under what conditions are unipolar power configurations likely to transition towards a more multipolar configuration and to what extent will this be determined by how broad or narrow the social foundation is on which that power configuration depends?
- Is inclusive development more likely to materialise when the oil price rises or declines and does this depend on the importance of oil in shaping the antecedent institutional arrangements that gave rise to the settlement in the first instance?
- If it is the case that oil-oriented development deals are more likely to be struck under conditions of unipolar (less fragmented) leadership power configurations, what steps can development practitioners take to prevent those deals from becoming mechanisms for aspirant rulers to acquire more diversionary power and achieving dictatorship?
- Does elite access to oil wealth increase the propensity towards patronage politics that divides the social foundation underpinning the power configuration in political settlements and how might reformers ameliorate this if it is the case?

7.8 Conclusion

This chapter has described the institutional evolution of Angola and Nigeria since the oil price shock of mid-2014 with a view to developing a sharper understanding of the political effects of oil rent decline in oil-wealthy contexts. It has offered questions for future work and hypotheses to guide further analytic narrative work that aims to understand the varying development trajectories of states apparently cursed by commodity wealth.

Angola remains firmly embedded in the “dominant discretionary” (Levy, 2014:16) political settlement towards the personalised end of the bureaucratic culture, coordinated around access to spoils, to which the inner circle of the ruling party have relatively inclusive access (Kelsall, 2016). Surprisingly, however, dos Santos lost power to members of his internal coalition after 38 years in power. This constitutes an exception to the predictions of the Svolik (2009) model and suggests a move towards more multipolar leadership within the configuration of power. Dos Santos failed to maintain the power required to disincentivise internal rebellion. Lourenço’s rise was not a stage-managed transition; many former dos Santos loyalists that were crowded out after 2016 supported Lourenço against dos Santos to keep the MPLA electorally viable. I have suggested that this relatively unique phenomenon requires further investigation and have offered hypotheses to test through further analytic narrative work. Looking to the future, the power-sharing mechanism that was re-established within the MPLA to wrest power from dos Santos is likely to prevent Lourenço from acquiring the extensive power accumulated by his predecessor to achieve dictatorship. His flagrant public expenditure is also unlikely to endear him to an electorate that now matters more for the MPLA than at any time since 2002 (Marques de Morais, 2018).

Nigeria's institutional evolution has been uneven but the seeds for a more competitive political settlement were planted before independence (aside from in the North) and the two 1966 coups. And even though only brief spells of civilian rule punctuated military rule between 1966 and 1998, these had path-dependent effects. Obasanjo's 2006 attempt to amend the constitution in favour of dropping presidential term limits was unsuccessful, and coups became increasingly unviable in Nigeria after Abacha's death. Formal rules started to gain traction because they proved a reliable means of overcoming internal power-sharing problems. That the ACP could defeat a powerful incumbent at the polls was indeed hopeful for Nigeria, despite the country's significant continuing security and economic problems.

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